

news

significant shorts

Detective warns Sams could strike again

The detective who helped capture Michael Sams yesterday warned that the killer "has nothing to lose by playing his games" and could strike again behind bars.

Sams, who was yesterday cleared of attempted murder but convicted of false imprisonment for attacking a probation officer in Wakefield Prison, is serving life for the murder of teenager Julie Dart and kidnap of estate agent Stephanie Slater.

But West Yorkshire Detective Superintendent Bob Taylor, who led the Julie Dart murder inquiry, said Sams enjoyed playing games with the authorities and was unlikely to stop.

"Sometimes what he does is for fame," he said. "I think a significant fact is that during the latest incident the Rose West trial was on and I suspect he didn't like being knocked off the front page. He has nothing to lose by playing his games - he's got nothing else to amuse him."

"Sadly I don't think this will be the last thing we hear from him."

Call for register of childcarers

Nursery nurses yesterday called for a national compulsory register of nannies and other childcarers amid concern that as many of half of those calling themselves nannies may be unqualified.

The demand from the Professional Association of Nursery Nurses came after 18-year-old Louise Woodward, working in America as an au pair, was accused of murdering the nine-month-old baby in her care.

The Pann, whose 4,500 members all have formal nursery nursing qualifications, called for nannies and nursery nurses to be included in the national register of child minders held by local authorities.

Childminders are obliged to register, but nannies and nursery nurses are not. The organisation also underlined the difference between nannies and au pairs, like Ms Woodward, who are unqualified and are working primarily to gain experience of a foreign country. Lucy Ward

Beckett letters given to university



Trinity College in Dublin yesterday received more than 680 letters written by playwright Samuel Beckett (left) to a woman friend.

They were written over a 32-year period to radio drama producer Barbara Bray, who had a close personal and professional relationship with Beckett, and now lives in Paris. Ms Bray was at the ceremony in the university, where Beckett studied modern languages in the 1920s.

Elton John cancels HK concert

Elton John's management company has pulled out of negotiations to stage two huge concerts in Hong Kong to mark the handover of the colony to China at the end of June.

The sticking point was the failure of organisers to gain a waiver to strict noise restrictions at the Hong Kong stadium. Councilors were proposing that 40,000 concert goers each night should listen to Elton John on headphones rather than allow noise levels to rise above 70 decibels. John Reid Enterprises said the noise restriction made it "impossible" to stage the concerts.

Furry Animal fined over cocaine

Rock star Huw "Bunf" Bunford, guitarist with the Super Furry Animals, was fined £700 yesterday for possessing cocaine found in his car. Bunford, 29, admitted possessing 2.65 grammes of cocaine worth £200. He was ordered to pay £54 costs by the Newtown magistrates.

THE INDEPENDENT ABROAD

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people



Smooth operator: Sobhraj is escorted from court after being granted bail (Photograph: Reuters)

Asia's Charles Manson to walk free after 20 years

A smooth-talking serial killer who befriended travellers along the 1970s hippie trail, then drugged them and left a trail of bodies across Nepal, Thailand, and India, is about to walk free from New Delhi's Tihar Jail after almost 20 years.

Charles Sobhraj, at 52, still has the lethal charms of an Asian Charles Manson. Even from behind bars, his young female admirers become willing accomplices. In jail, he's had a string of fiancées - mostly foreigners held for dealing drugs. He has pledged to marry a Punjabi girl half his age just two days after his release - which may be this morning (Valentine's Day) or, more likely, on Monday.

Sobhraj, who once boasted to his biographers that he committed ten murders in 1976 alone, is more cunning now and denies everything. "I regret the past, but don't ask me which part," he told reporters outside a bail hearing this week.

He bungled badly on 5 July, 1976, when he drugged a group of 60 French tourists in New Delhi, intending to swipe their passports and cash, but miscalculated the dose. The manager of the Vikram Hotel, aghast when the guests all collapsed in his lobby, summoned the police. Sobhraj also had his collar felt for another memorable felony: he seduced a dancing girl who occupied a strategically placed hotel room, then gagged her and tied her to the bed while he savoured through the floor and looted sacks of gems from the jewellery store directly underneath. During his years in prison, Sobhraj has poured over law books and considers himself an expert on international extradition. To dodge arrest for the notorious "bikini murders" of five female tourists on the beaches, which would have led to almost certain conviction and a death penalty, Sobhraj extended his prison sentence on purpose by masquerading as a doctor and escape from the high-security Tihar Jail. On his birthday, he gave poisoned sweets to the wardens and just waited free, along with a glib British inmate, David Hall, who he lured into the plot. He then flaunted himself as a high-profile fugitive in Goa until Indian police re-arrested him. Absconding charges kept him safely in custody while his lawyer summoned 302 witnesses. The gambit worked, and the Thai extradition orders expired this year.

Meanwhile, he has become a new French and here and not only because he carries a French passport. His earlier escapes from prisons in Rhodes, Bombay, Kabul, and the Greek island of Aegina were glib and risky. But Sobhraj never swaggers, even though he basks in media attention and would frequently telephone reporters from his cell. His voice is soft and disarming. "The man sucks curiosity out of you," a prison warden said. He even managed to win over the Prison Inspector General, Kiran Bedi, who was dismissed early from her post partly because she'd granted Sobhraj too many special privileges.

Recently, he sold a Paris production company the film rights to his life story for over \$10m. Once he picks up his new passport, he will be free to roam again. He is still handsome with exotic features. You have been warned.
Jan McGirk, New Delhi

briefing

HEALTH

Cancer diagnosis can take up to three years

Patients with life-threatening cancers of the stomach and throat face waiting between 17 weeks and, in rare cases, three years before their condition is diagnosed and treatment begins, according to a report. In some cases, tumours, particularly of the stomach, could double in size at least once during this waiting period, and may severely affect the patient's chances of survival.

Iain Martin, a consultant surgeon at Leeds General Infirmary, and colleagues, examined the time taken to diagnose stomach or throat cancer in 115 patients. Their report, in tomorrow's issue of the *British Medical Journal*, says that the average delay from first symptoms to diagnosis was 17 weeks. The shortest wait was one week and the longest three-and-a-half years.

A quarter of patients faced delays of more than seven months before diagnosis. Delays occurred at all stages of consultation, but the longest involved the hospital. Patients were usually quick to seek medical advice for their symptoms but "much of the delay in diagnosis could be avoided if GPs referred patients promptly for investigation, and a sense of urgency was imparted to the hospital's diagnosis process," the doctors said.

Liz Hunt

ENVIRONMENT

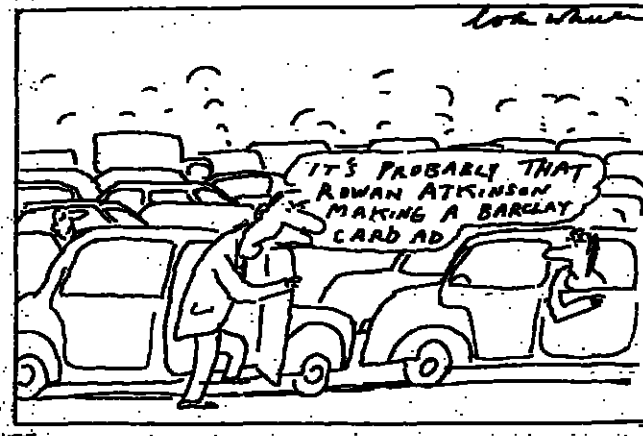
Action urged to curb traffic growth

Private car use will keep on rising, along with the harm it does society, unless Government takes much firmer action to prevent it, ministerial advisers warn today. The UK Round Table on Sustainable Development, set up after the Rio Earth Summit to advise the Government on long-term economic and environmental issues, reached its conclusions after making a study of Northampton, a fast growing town near the M1, whose inhabitants and businesses are more car-dependent than the average.

Although the county and borough (town) councils had good intentions and wanted people to make more use of public transport, bicycles and walking, economic realities dictated otherwise. The councils either lacked the powers needed to act decisively in favour of more environmentally friendly forms of transport or feared that if they did important local businesses would desert Northampton for other, more car friendly towns.

The report singles out Bardsley, which employs 2,500 in Northampton. It moved from the town centre to a new site, on the edge of town, which was poorly served by public transport, causing a large increase in car travel. The council did not dare to decline planning permission for the move.

Getting Around Town, UK Round Table Secretariat, Room P1021, 2 Marsham Street, London SW1P 3EB. Nicholas Schoon



TRAVEL

Airport exodus is weatherproof

The number of people passing through Britain's major airports rose again last month, despite bad weather hitting flights, it was announced yesterday. BAA handled 6.7 million passengers at its seven airports in January 1997 - a 5.2 per cent rise on the January 1996 figure. The annual increase would have been around 6 per cent were it not for fog affecting some London flights.

Despite this, Stansted enjoyed an 11.4 per cent increase last month, while numbers at Gatwick were up 9 per cent, at Heathrow by 3 per cent and at Southampton up by 3.9 per cent. Edinburgh airport handled 11.9 per cent more passengers in January.

Across the board, numbers on North Atlantic routes were up 12.2 per cent and other long haul routes rose by 7.9 per cent. Domestic traffic increased 4.5 per cent, with Edinburgh's domestic numbers doing particularly well - rising by 15.5 per cent.

MOTORING

No calls please, I'm driving

Motorists using mobile phones are four times more likely to have accidents than others, a survey suggests. Even those with hands-free phones that did not need to be hand-held were far more likely to have accidents than those in phone-free vehicles, it claimed.

The survey of 700 drivers with car phones, conducted by two Canadian doctors and published in the *New England Journal of Medicine*, concluded that mobile phones made accidents more likely not because drivers' hands were occupied but because concentration was distracted.

SANDRA BULLOCK CHRIS O'DONNELL

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In war they found each other... In each other they found love...

RICHARD ATTENBOROUGH PRESENTS

IN LOVE AND WAR

AT CINEMAS NATIONWIDE NOW

Life for road-rage killer who shot man in face after cars collided

An armed motorist who murdered one car passenger and seriously wounded another in a "chilling" case of "road rage taken to its extremes" was jailed for life yesterday.

Lee Gardiner, 25, (right), a father-of-one from Tottenham, north London, told his victims "I've got something nice for you" before gunning them down on Bank Holiday Monday in May last year.

He shot the first one in the face, fracturing his jaw, and then pumped two bullets into the head of a second man, killing him instantly.

The car dealer then turned to two terrified bystanders who had witnessed the shooting and boasted: "Me a bad boy. Me a gangster."

Southwark Crown Court jury who tried him took less than two hours to convict him of murdering



Ghanaian Benjamin Worae, 34, a father-of-three, and attempting to murder political refugee Kwame Davies, also 34, from Africa. After the unanimous verdicts, John Bevan, for the prosecution, revealed that Gardiner had a criminal record going back to the early Eighties. His convictions included one for wounding after

blasting a man in the chest with a shotgun following a petty dispute over a stolen car radio.

At the time of the road-rage shooting, Gardiner had been remanded on bail for burglary and beating the home-owner over the head with an iron bar. He had recently been released from a two-year jail sentence.

Passing sentence, Judge Gerald Butler QC told Gardiner: "It is a chilling thought that you murdered one man and attempted to murder another simply because they were in a car that was in collision with yours."

"It is apparent from your record and from these offences that you are a very dangerous man."

He said Gardiner would have to serve a mandatory life sentence for murder and a concurrent 15-year term for attempted murder.

Bad day for Penguin as new man takes over

In the latest chapter of the publishing world's roller-coaster tale of executive seat-swapping, former financial journalist Duncan Campbell-Smith was yesterday appointed head of group strategy for Penguin, just as the troubled publishing house announced £100m financial irregularities.

Mr Campbell-Smith, 46, has been made responsible for "clarifying key strategic issues" for the group, which has seen a major reshuffle of senior editing staff in recent months.

The former editor of the *Financial Times* Lex column had a foretaste of trouble when he took charge of corporate relations for Pearson while its software arm, Mindscape, was heading for losses of £46m. But he stepped out of the fray to

attend an MBA course at the London Business School and then moved to Penguin, a subsidiary of Pearson, as business development director last May.

He was a journalist at the *Financial Times* for seven years before working as a management consultant. He is also the author of a book on the privatisation of British Airways, published in 1986.

The publishing world has lately been enlivened with gossip generated by job-swapping in the upper echelons of the business. The top job at Penguin Group was recently taken by Helen Fraser, formerly MD of the Reed Group of publishers, while Clare Alexander, who headed Viking, Penguin's classy-but-popular imprint, quit to join Macmillan. Louise Jury

Penguin Scandal, page 20



NEWSPAPERS SUPPORT RECYCLING
Recycled paper made up 41.2% of the raw material for UK newspapers in the first half of 1996.

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Museum finds that money is no object

Visitors undeterred by introduction of £5 charge

David Lister
Arts News Editor

Attendance at the Victoria and Albert Museum has actually increased since it controversially introduced compulsory charges last autumn, figures obtained by *The Independent* show.

The increase in visitors threatens the argument advanced by arts campaigners, the Labour Party and several major museums that charging frightens people away.

Only last week, Tony Blair, the Labour Party leader, expressed his concern about the V & A charging. Key figures in the museum world, including the directors of the British Museum and National Gallery, have repeatedly spoken out against charging, and warned

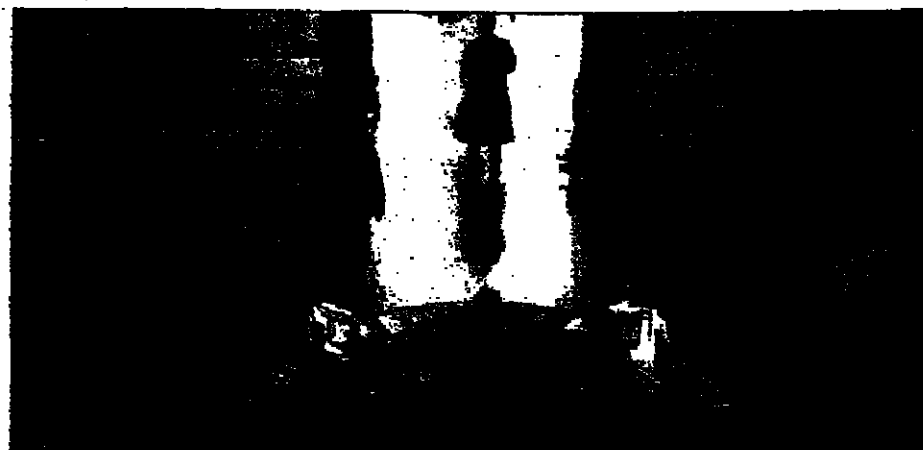
that attendances would inevitably decline.

The V & A attendance figures have not been publicised by the museum authorities. But insiders are struck that there has been no decline in attendances, and the public has not shared the hostility of the professionals to charging.

The V & A's success may now bring further pressure on the British Museum to introduce admission charges. After much public debate last year, the museum's trustees ruled against charging for the time being. The directors and trustees of the National and Tate Galleries have ruled out charging, but the Science, Natural History and Imperial War Museums all now charge for admission to supplement their government grant.

In his first speech on the arts, Tony Blair joined the clamour against the V & A charging admission, saying: "We are concerned about the introduction of admission charges in national museums. The evidence suggests that high charges can lead to a big decline in attendance."

The figures, however, show that since charges were introduced at the beginning of October last year, weekly visitor numbers have either remained steady or gone up. For most of September, while voluntary charges were in force, weekly attendances hovered around the 18,000 mark. In November, they never fell below 20,000. In the last week of the Christmas holidays they were 25,000, one of the highest of the year. The



Pulling power: The number of visitors to the V & A has actually gone up since charges came in

total for 1996 was 1.27 million, compared with 1.22 million for 1995.

Key comparisons show that the total number of attendances for January 1996 (with voluntary

charges) were 82,974. Last month, with compulsory £5 charges, the figures rose to 85,653. With the initial publicity over admission charges, the figures for October 1996 were

27,000 down on the same month for 1995, but they immediately bounced back in November with a 3,000 jump on the 1995 figure.

The rise in figures is not

even distorted by the museum hosting any blockbusters or major temporary exhibitions. The main exhibition of last year, the William Morris exhibition, ended in September.

In addition, the museum's own private research among visitors shows that only a tiny minority shared the campaigners' worries on charging. Less than 5 per cent of visitors complained about having to pay for entry, while large numbers voiced concern about non-financial matters such as how big the typeface was on labels or how clean the lavatories were.

Looking back over the years, admission to the V & A was at its highest when it was completely free with 1.6 million in 1984, the year before voluntary donations were introduced; it fell to 900,000 in 1990, rose to 1.4 million in 1994 and was 1.27 million last year. Even the

1.6 million high in 1994 cannot be taken as a wholly accurate figure as attendance figures were only estimated before the introduction of charging.

The V & A introduced a compulsory admission charge of £5 last October with a concessionary rate of £3 and annual season tickets for £15. They balanced this with a number of exempt groups to counter the argument that poorer and younger people would be put off by having to pay. Everyone under 18 is allowed in free as are pre-booked education groups, disabled people and their carers and UB40 holders. There is a universal free entrance between 4.30 and 6pm every afternoon.

When the decision was announced, the museum came in for much criticism: Julian Spalding, director of Glasgow Museums, called it "a diminution of a great tradition".

Valentine's Day makes burning issue for lovers' hearts

Jojo Moyes

British women's idea of a romantic evening is sharing a bottle of wine in front of the fire, according to one of the latest batch of Valentine's surveys, which show that as 14 February dawns, Britain is latching onto ever-more far-fetched ways of exploiting the most romantic or disappointing - day of the year.

It is unlikely that the words "romance" and "smokeless fuels" have often been uttered in the same breath. But the Coalfire company lit on Valentine's day as an excuse to advertise its range of smokeless stoves. "What is the most romantic thing you can do in front of a real fire?"

Unsurprisingly, four out of 10 people said it was making love. Furthermore, 44 per cent of men and 37 per cent of women claim to have already done so.

The next most popular fire-side activities were sharing wine and chocolates, cuddling, toasting a crumpet, and watching television or a video. Nine per cent claimed to prefer an undisturbed "other", while 4 per cent "didn't know".

Meanwhile, dispelling the notion that women are turned off by hot air, a survey published

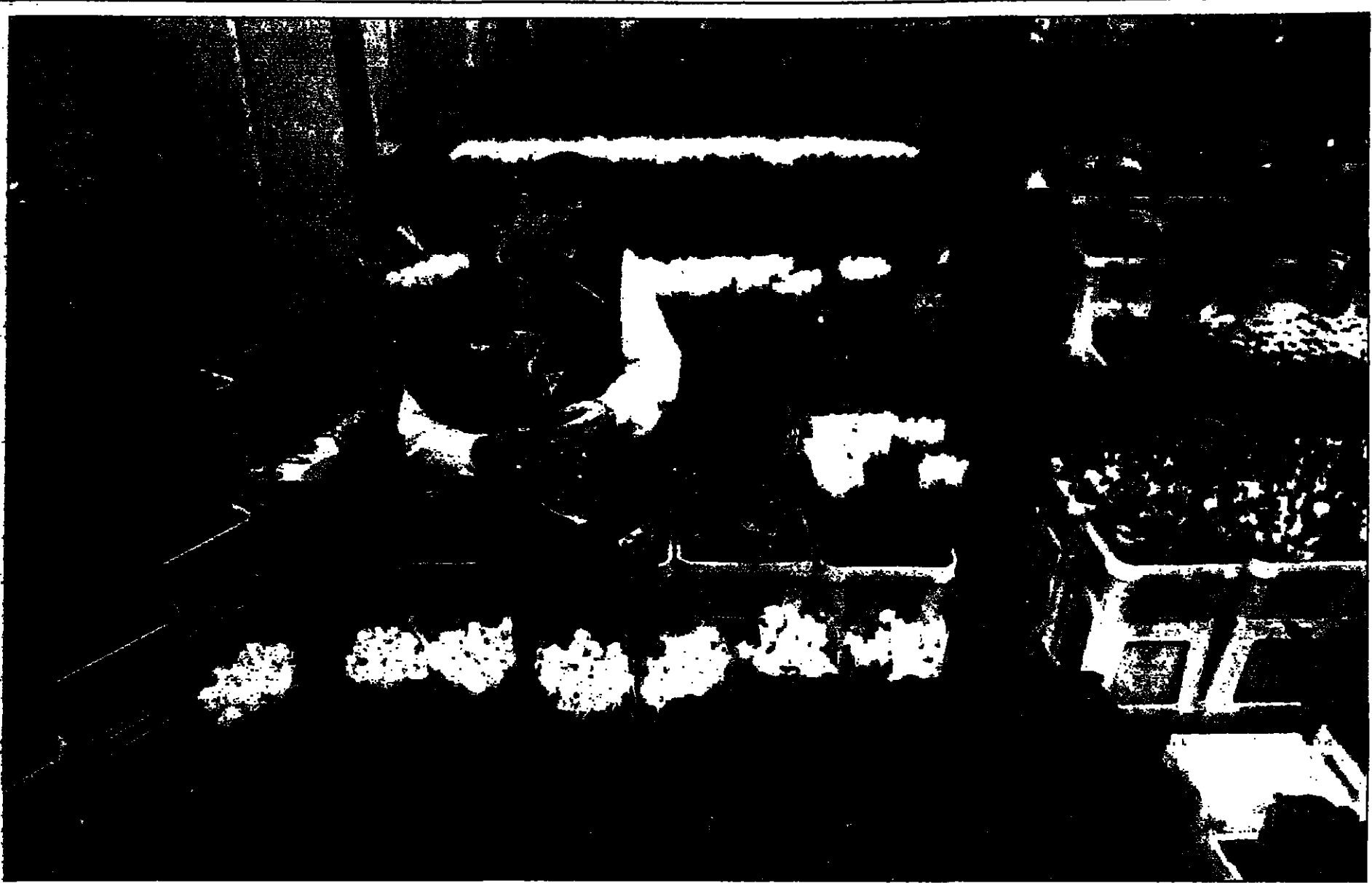
to celebrate the 25th anniversary of *Cosmopolitan* magazine placed the ginger-bearded entrepreneur Richard Branson second only to actor Sean Bean as its readers' "ideal man".

He was followed by footballer Alan Shearer, actor Jean-Claude Van Damme and Paul McCartney. Comedians David Baddiel and Jim Carrey took sixth and seventh place, followed by actor Kenneth Branagh, television doctor Hilary Jones and, finally, Oasis star Liam Gallagher.

Meanwhile, the Internet offered numerous websites for people who preferred to substitute Roms for roses and declare their passions with the silver screen. One inspired the CD-Rom *Capital's Love Notes*, and, for those who forgot, *Mark's Apology Note Generator*.

For a slightly more personal, if noisier touch, town crier Graham Vedmore offered himself to deliver Valentine's marriage proposals for lovers. For a small fee, the 42-year-old from Cardiff also offered to bellow out Valentine's Day love poems.

And even the environmental campaigners Friends of the Earth got in on the act, by proposing a few tips for green lovers. They included saving on



Roses all the way: A trader at New Covent Garden market in Nine Elms, south London, anticipating brisk business supplying Valentine's Day tributes

energy by spending the day in bed together, bathing or showering with a friend and, for those with a sense of "adventure", using recycled handkerchiefs that had finished duty chaining road protesters to diggers.

But some organisations yesterday offered a more solemn approach to coincide with Valentine's Day - on love and marriage, on anger management and, finally, on surviving the break-up.

And, perhaps mirroring many people's experience of the

day, a St Valentine's ball arranged for a group of teenagers had to be cancelled - due to a lack of interest from the boys. More than 50 girls applied for tickets for a dance to be held at Owlesbury parish hall near Winchester in Hampshire,

in aid of the Samaritans, but the organisers received no applications at all from any boys.

The dance was due to take place on 15 February, and it was hoped it would raise at least £1,000 for Winchester Samaritans to help renew a vital tele-

phone system. Audrey Brunt, chairman of the Friends of the Samaritans, said: "The cancellation is obviously a disappointment - but you can't have a teenage Valentine's ball without boys."

The Tabloid

driving

or times more likely to be hit. Even those with less than 10 years of experience were far more likely to be involved in accidents, it claimed. The study, conducted by the New England Journal of Medicine, found that as made accidents more occupied but because

INDEPENDENT

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British Gas



Will
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mean lots of
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customers?

*No, just one...
an even better service.*

You may have heard about the demerger of British Gas into two separate companies. This means the Transco pipeline and international activities will be operated by BG plc, and the supply, servicing and retail activities will be managed by a new holding company, Centrica plc, trading under the British Gas brand.

Rest assured, though, changes to our corporate structure will not result in any immediate changes to the service we provide to our 19 million customers. Our commitment to providing you with the best possible value for money remains as strong as ever.

This means that you will still be able to rely on our unrivalled expertise in the safe supply of gas to your home. You will still be able to rely on the 24 hour emergency service, operated by Transco. And, as a British Gas customer, you will still be able to take advantage of all the other products, services and payment plans on offer.

However, because the demerger will allow us to focus even more on you, our customers, we'll be well placed to provide even better service and innovative new products in the future.

Which is good news for us and even better news for you.

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Soldier
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ENJOY 3 M
MEMBERS
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PUS A FREE VIDE

politics

PRIME MINISTER'S QUESTIONS

SCORING THE EXCHANGES

John Major
3/10

Tony Blair
6/10

Major deserves credit for straightforwardly answering one of Blair's four specific questions (about the second time of asking). For the rest of the time he resorted to squelching Blair's criticism of the Government with criticism of British beef.

Blair put Major on the spot with his questions on beef. After that, he only had to point out that Major didn't want to answer them. He justifiably reminded Major that BSE has been said to stand for "blame someone else" - on this occasion, Labour.

THEMES OF THE DAY

- The effect of state subsidies within the EU (John Wilkinson, C, Rutlip Northwood)
- The state of the nation and need for a general election (Paddy Ashdown)
- The unemployment figures (David Marshall, Lab, Glasgow, Shettleston)
- The Conservative and Labour parties (Stephen Day, C, Chisle)

BLAIR'S ATTACK

Given the subject of Monday's censure motion, Major might have expected Blair to attack on beef. Blair asked him to confirm that neither the promised end of the European ban nor the start of selective slaughter had yet come about, and that the cost of the BSE crisis has been £3.3bn. Major blamed "Harris Haman", Labour's former spokeswoman on health, for "a very substantial part" of the damage caused by the BSE crisis.

GOOD DAY...



Dennis Skinner beckoned Major to the opposition benches, where "I have been keeping this seat warm. He named his vision in which a defeated Major had to vote for one of those 'Tory bastards' (Radford, Portillo or Howard) in a leadership contest.

...BAD DAY



Stephen Day christened Labour "the pale pink imitation over there" and Major, "the real thing". That is expected to be one of the Conservative election themes.

THE QUIP OF THE DAY

Marshall alleged that an employment minister had admitted: "only half of the fall in unemployment figures are genuine". He mused: "which half of these figures are we to believe?"

THE UNANSWERED QUESTION

Ashdown listed Britain's problems, and asked: "When will the Prime Minister... call the election?" When will he get on with it? Major concentrated on the list, not the question.

THE CREEP OF THE DAY

Alan Haselhurst (C, Saffron Walden) asked the customary question about "a windfall tax on energy suppliers leaving consumers possibly worse off".

Compiled by Ben Summers



In step: Douglas Hogg leaving Downing Street yesterday after receiving the backing of the Cabinet in his bid to defeat Labour's censure motion. Photograph: Nicola Kurtz

Ulster MPs set to save Major in beef debate

Colin Brown and Anthony Bevis

David Trimble, leader of the Ulster Unionists, last night gave a clear signal that his party will save the Government from defeat in Monday's crunch vote in the Commons when he said he was "irritated" by the lack of consultation over Labour's tactics.

Senior shadow cabinet ministers privately discounted the chance of inflicting defeat on the Government, with at least two of the nine Ulster Unionist MPs expected to be away from the vote, but Labour insisted it was right to force John Major on to the defensive.

Tony Blair has decided to launch an attack over the "mad cow" crisis because he believes that it is John Major's biggest weak spot. "He thinks it is Major's poll tax," a leadership source said last night.

Agriculture Minister Douglas Hogg, who was in confident mood yesterday after getting the backing of the Cabinet, will open the debate for the Government. "We are going to win," he told colleagues. "I am looking forward to it."

Mr Major will go on to the offensive against Labour next Thursday in a Commons debate on constitutional reform, which he believes is Mr Blair's Achilles' heel.

The Labour leader in the Commons challenged Mr Major over the fact that the beef export ban had not been lifted, as promised, last November and that not a single animal had been slaughtered under the selective cull scheme.

He also pointed out that Britain had not yet put a formal proposal to Brussels about lifting the export ban for BSE-free herds in Scotland and Northern Ireland, and that the fiasco had already cost £3.3bn.

The Prime Minister retali-



United they stand: John Major and David Trimble



were going to do it," Mr Trimble said. "It was more than a little irritating that they failed to consult us."

The Government could bring forward proposals for a Northern Ireland grand committee to vet legislation in the Commons, meeting a key Ulster Unionist demand, but sources said it was more likely to be held in reserve for a later confidence vote, if the Tories lose decisively in the Welsh South by-election.

Mr Trimble was annoyed that the plan to force a censure motion was not raised when he met Mo Mowlam, the Labour spokeswoman on Northern Ireland, on Wednesday morning for talks about Labour's approach to policing the marching season in Ulster. Ms Mowlam sent Mr Trimble a message yesterday making it clear she also was not aware of the plan until shortly before it was agreed by the Shadow Cabinet.

The Liberal Democrats were also irritated at not being consulted. A source said: "We are going to vote with Labour but we are not busting a gut to get everyone here."

A number of Ulster Unionist MPs will be away for the vote, including the party's agriculture spokesman, Willie Ross, who is in New Zealand. The vote clashes with a BSE debate in the European Parliament, which could force Ian Paisley, who is also an MEP, to miss the vote. John Taylor said he had a constituency event, and Martin Smyth, the UUP whip, made it clear he was unlikely to vote against the Government.

The reluctance of Mr Trimble to commit his force of nine MPs to vote against the Government underlines the difficulty Tony Blair faces in trying to bring down the Government before Mr Major's preferred election date of 1 May.

Leading article, page 17
Commentary, page 19

Police warning on sex offenders

Jason Bennetto
Crime Correspondent

Police chiefs are opposing moves to alert neighbours of the presence of sex offenders in their community despite attempts by Labour, and possibly the Government, to introduce new anti-paedophile laws.

The Association of Chief Police Officers (ACPO) has warned Michael Howard, the Home Secretary, that telling communities that a sex criminal has moved into the neighbourhood would be counter-productive and place children at greater risk. Opposition by chief officers would be a stumbling block to any new legislation.

Mr Howard told a conference last Tuesday that he was considering introducing community notification of paedophiles. Labour has already tabled an amendment to the Sex Offenders Bill calling for the controlled disclosure of names and addresses of convicted sex offenders to child-protection workers, schools and in some cases members of the public.

But following a survey of the 43 police forces in England and Wales, chief constables have come out against greater disclosure. They say that warning neighbours will merely drive sex offenders underground and could lead to vigilante action. The Home Secretary has said that the police already warn probation officers and the social services and carry out surveillance operations on offenders considered dangerous.

Tony Butler, Chief Constable of Gloucestershire and ACPO spokesman on children-protection and sex-offender issues, said: "What is the point of telling residents? This could lead to picketing of homes or houses being burnt down. Sex offenders are some of the most devious individuals who will not sit around if they are identified. They will change their names and identity. I would rather know where these people are so that the police can keep track of them."

A Bill now going through Parliament sets up a national register of sex offenders, enabling the police to track the movements of convicted paedophiles and rapists.

DAVID Aaronovitch

Locking horns over thorny issue

Stormy weather. So febrile is the Westminster atmosphere, that even the divine Dame Peggy Fenner - who once used to grace the benches with her imperious (and, I think, impenetrable) calm, as though sitting for a still-life - has begun to gesticulate and point at the Opposition during the shanty bits.

But things were calm when Tony Banks (Lab, Newham NW), a true friend to animals everywhere and Chelsea fan, asked the Treasury minister and YC heart-throb Philip Oppenheim, about the world trade in powdered rhino horn. Mr Oppenheim - unique among ministers - chose not to speculate on how many rhinos would be likely to die if there were a minimum value. Instead he laid into the Chinese, who dominate this illegal commerce. He thought it "paradoxical", he said, "that the most populous nation on earth seems intent on wiping out the rhino, simply because some of their menfolk are incapable of per-forming."

It was unfortunate that this punchy reply was still being digested when Harry Greenway (C, Ealing North) got up to ask a supplementary. Mr Greenway is, in his way, a living embodiment of political impotence. It is not that the member fails to rise; he does, and often. Nor is there a problem with achieving a climax; a noisy one is practically guaranteed. It is simply that he reminds everyone of how ridiculous the act can be when performed in a particular way. His (doubtless important) intervention was lost amid ribald laughter.

But Mr Greenway is a reminder that most MPs need no artificial stimulation to get them aroused. The game of Synthetic Indignation being played by ministers and their supporters yesterday was about the windfall tax, and its horrible impact upon pensioners, small shareholders and the almost extinct white rhino. Michael Jack, the Financial Secretary, responding to a series of name questions from his pals, used the word "grin" no less than six times to describe Labour's Gordon Brown. It reminded me that earlier I had heard Michael Howard suggesting that Labour was "cynical and opportunistic" - a trace of admiration clearly detectable in his voice.

On the benches opposite, however, Labour was giving as good as it got. The two-tone shadow Chief Secretary, Alistair Darling, raised his black eyebrows from underneath his white hair (a characteristic he shares with Morticia Addams and - more gruesomely - Norman Lamont) and accused Mr Jack of being more keen on "jumping into bed with the boardroom fat-cats". A nice piece of hysterical scansion, if ever I heard one.

Then the pale, slightly squat Angela Eagle, dressed all in scarlet, and looking like the eponymous terminator from *Attack of the Killer Tomatoes*, asked Ken Clarke (in the tinkly little, acidic voice that you imagine a killer tomato might have) exactly how many times Value Added Tax had been increased or levied since 1979? It was a gooie shot, and Ken Clarke looked pained.

Labour has other ways, however, of keeping its pecker up. Morale was also being maintained by the toothsome Jane Kennedy (Lab, Liverpool Brodgreen). Ms Kennedy, a whip, has realised what many commentators have forgotten: that a large number of Labour MPs are not soft southern sophisticates, but Northern men of mature years - men who would not look out of place in a crowd scene from *Last Of The Summer Wine*.

Ms Kennedy weaves her spells simply by sitting next to one of the dear old chaps, smiling at them, passing a kind word - and then moving on. It works a treat. David Winnick grins, William O'Brien blushes, Peter Hardy glows. All are happy - and it's so much cheaper than rhino horn.

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There's a great deal going on

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Ps set Major debate

were going to do it," Mr. the said. "It was more the irritating that they consult us."

The Government could forward proposals for an Irish grand committee meeting a key Ulster demand, but sources were more likely to be serve for a later vote, if the Tories lose in the Wirral South by Mr Trimble was saying the plan to force a motion was not raised when Mo Mowlam, the spokeswoman on Northern Ireland, on Wednesday talks about Labour's plan to policing the murkiness in Ulster. Mr Mowlam Trimble a message, making it clear she was aware of the plan until before it was agreed in Shadow Cabinet.

The Liberal Democrats also irritated at not being consulted. A source said: "going to vote with Lab we are not busting up everyone here."

A number of Ulsterist MPs will be asked including the party spokesman, Willie Ross in New Zealand. It clashes with a BSE date European Parliament could force Ian Paisley also an MEP, to mark John Taylor said he is a constituency event, all Smith, the DUP said, clear he was unlikely against the Government.

The reluctance of the MPs to vote against a Tory Blair face to bring down the Government before Mr Major's election date of 1998.

Leading article
Commentary

Switch

ing horns horny issue

the divine Dame Peggy Four the benches with her impenetrable calm, as though to gesticulate and pe the about bits.

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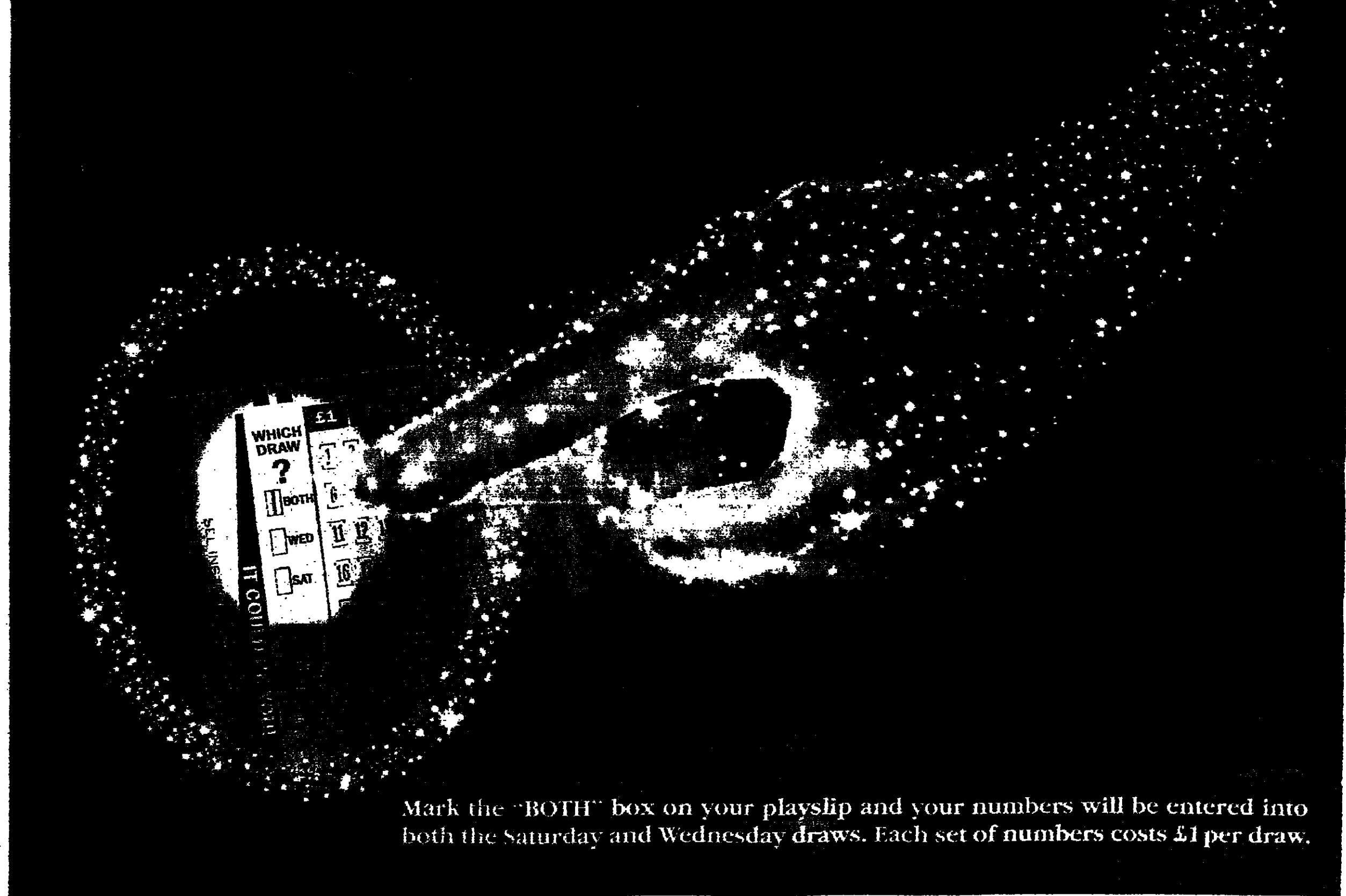
is a reminder that most of the played by ministers and about the windfall tax, and centers, small shareholders, Michael Jack, the for to a series of time questions word "cynical" no less than a Gordon Brown. It was Michael Howard suggest and opportunistic - a stable in his voice.

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my Aunt Angela Eagle, about the the enormous term the Tamara, asked Ken Clarke voice that you imagine the exactly how many times the and or loved since 1972 it was (Clarke looked) pulled, says, however, of keeping in the being maintained by the (Liverpool Broadgreen) Mr. what many commentators have number of Labour MPs are not, but Northern men of money look out of place in a crowd of

her spells simply by sitting down, smiling at them, from play on. It works a treat, from the Black Nuthatches, Peter Hain, it's as much cheaper than

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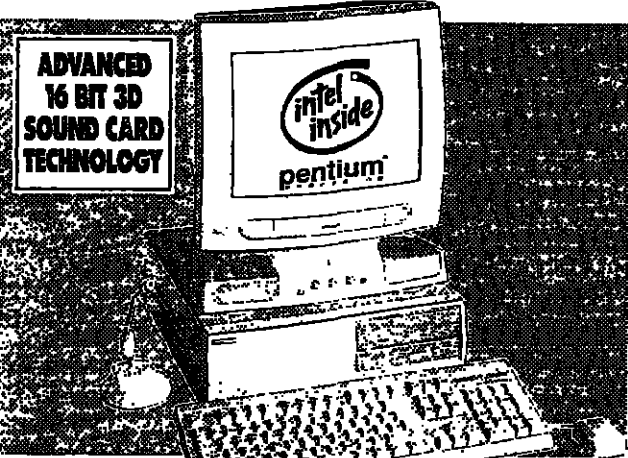
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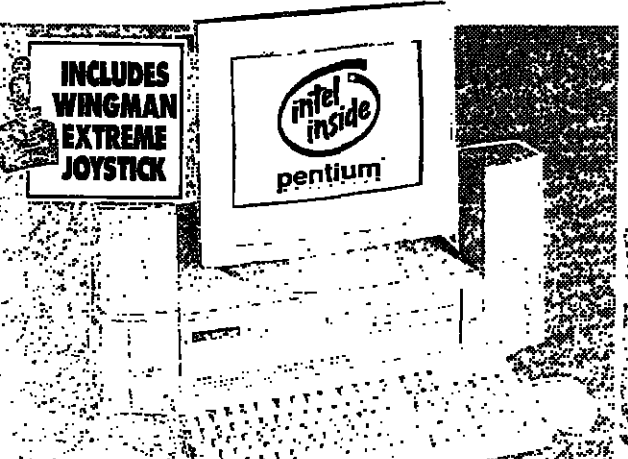
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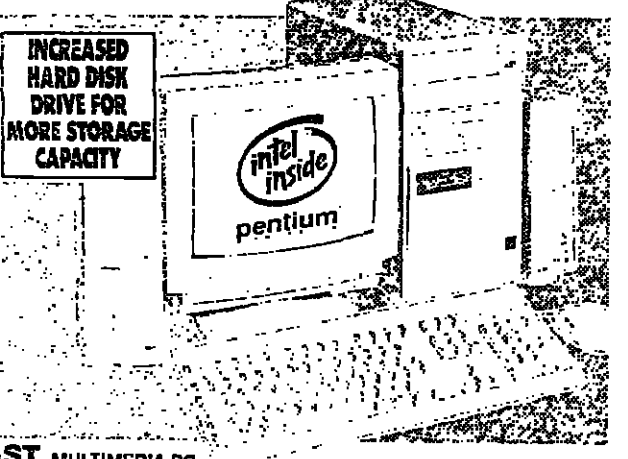
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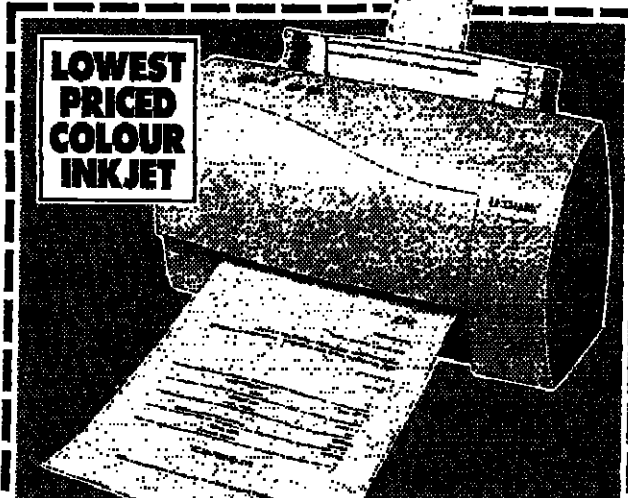
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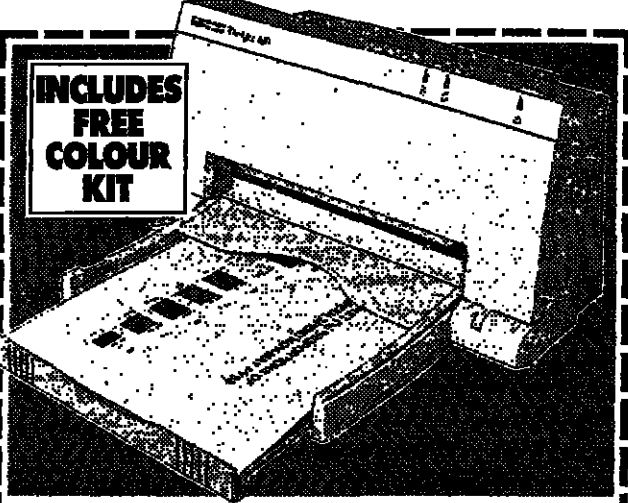
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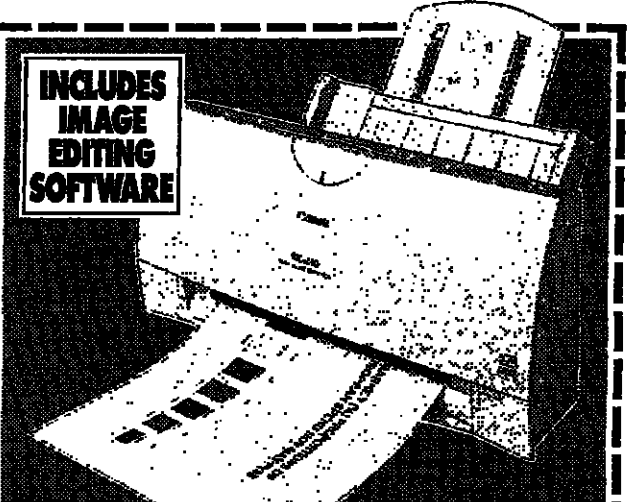
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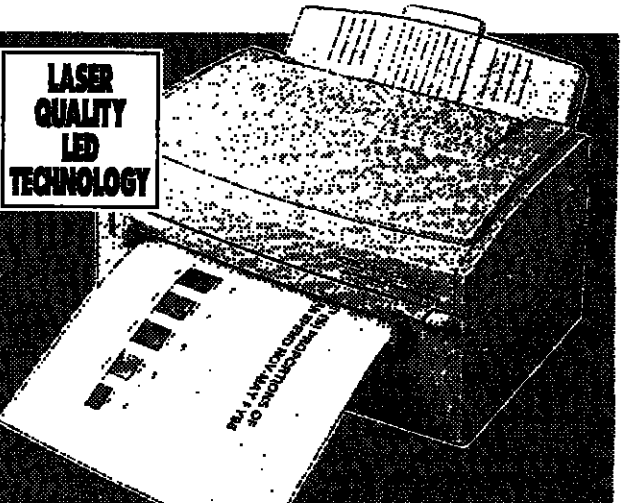
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I would never let fans down - Grobbelaar

Michael Streeter

The former Liverpool goalkeeper Bruce Grobbelaar told the match-fixing trial yesterday that he had never tried to throw a football game in his career. Mr Grobbelaar, 39, told Winchester Crown Court that football was now a business and no one went out on the field looking to chuck a match. "There is no way I would throw a game," he told Rodney Klam, QC, for the defence.

The goalkeeper, now with Plymouth Argyle, said the allegations of match rigging had been "hanging over" him for three years. He denied receiving any money to fix matches from a fellow defendant Heng Sui Lin - known as Richard - to throw a match, though he had received sums for forecasting results.

Asked about a Liverpool-Manchester United game which was a 3-3 draw, the footballer

said it had been "one of my best performances". He added: "I do not think any goalkeeper could have saved any of the six goals scored."

Mr Grobbelaar, Mr Lin and the former Wimbledon striker John Fashanu deny receiving or giving money in a conspiracy to influence the outcome of football matches. Mr Lin, Mr Fashanu and the former Wimbledon goalkeeper Hans Segers, deny a similar charge. Mr Grobbelaar denies a separate charge of accepting £2,000 from his former business partner, Christopher Vincent, to influence a game.

Mr Grobbelaar said that by the 1993-94 season he realised he was near the end of his career but denied being unhappy at his salary from Liverpool. He denied receiving £40,000 for fixing a Liverpool-Newcastle match in a meeting with John Fashanu at the latter's house. Liverpool lost the match 3-0.

Mr Grobbelaar said that he received no money and said Mr Vincent was not telling the truth about this meeting which had occurred to discuss a match for the benefit of the victims of an air crash in Zambia involving that country's football team. The footballer said he had paid £20,000 to Mr Vincent but this had come from his "sock drawer" and was the proceeds of public speaking engagements and payments in cash from friends from Africa whose bills he had earlier settled.

Mr Grobbelaar told the court he had met Mr Vincent in Chester in 1992 and was asked to invest in a safari tourist business which he thought was a "good idea", and the following day paid more than £5,000 as an initial investment. He agreed the two later became close friends. However, over the next two years, Mr Grobbelaar had become concerned about where the money he was investing was going, and after a meeting in July 1994 the business deal had ended with Mr Grobbelaar having lost an estimated £60,000.

Mr Grobbelaar said he would receive around £250 for forecasting matches for Mr Lin and agreed that Mr Lin had paid him £1,500 for this forecasting help at the Hilton Hotel in London the night before a Liverpool-Norwich game.

Earlier, the court had heard how Mr Grobbelaar had played football in Durban, South Africa, before moving to Crewe in England and then Liverpool - the club he had always wanted to play for.

Mr Klam asked him about his presence at the Heysel stadium disaster in 1985 and at the Hillsborough disaster four years later. Mr Grobbelaar said that after the Heysel match he had considered giving up the game. At Hillsborough he had seen the agony on the faces of fans. He agreed that he would never want to let his fans down because he said he knew they would never forget that and would always ask him why he had done it. The case continues.

Church seeks future in glorious past



Holy Island: Lindisfarne is the venue for one of 117 special events to mark 1,400 years of British Christianity

Photograph: North News

Stephen Goodwin
Heritage Correspondent

Celebrations planned to mark the 1400th anniversary of St Augustine's mission to convert the Anglo-Saxons to Christianity should not be seen as an "exercise in ecclesiastical nostalgia", according to the Church of England.

In 597, St Augustine landed

in Kent on a papal mission to reconvert England to Christianity. After the end of Roman rule, British Christianity was confined to remote Celtic churches. Now, church and state are combining for a year of conservation and celebration.

In a potentially controversial move, fragments of bone and brain tissue believed to be of St Thomas à Becket will go on

display in an exhibition devoted to the Canterbury martyr. The relics were tested five years ago and dated as 12th century. Pilgrimages to and from Rome and linking early Christian sites in Britain are also planned.

The state's role, through English Heritage, is comparatively straightforward. Its chairman, Sir Jocelyn Stevens, yesterday announced a £10,000

project to clean and protect the medieval tiles of the floor of the Chapter House at Westminster Abbey. Some 117 special events are planned at English Heritage's ecclesiastical properties ranging from the ruins of Lindisfarne Priory off the Northumbrian coast to Old Sarum, the Iron Age hill fort near Salisbury, Wiltshire.

The Dean of Norwich, the

Very Rev Stephen Platten, rejected suggestions that the church was burying its present woes in past glories. "It is the very reverse," he said. "The church challenges the present with a message which remains as radical now as it was in the 6th century."

For a free map of England's Christian Heritage, call 0171 973 3434.

DAILY POEM

Office Friendships

By Gavin Ewart

Ever is madly in love with Hugh
And Hugh is keen on Jim.
Charles is in love with very few
And few are in love with him.

Myra sits typing notes of love
With romantic pianist's fingers.
Dick turns his eyes to the heavens above
Where Frau's divine perfume lingers.

Nicky is rolling eyes and titts
And flaunting her wiggly walk.
Everybody is thrilled to bits
By Clive's suggestive talk.

Sex suppressed will go berserk.
But it keeps us all alive.
It's a wonderful change from wives and work
And it ends at half past five.

"Office Friendships" appears in *Making Love to Marilyn*, an anthology of love poems "from the seduction to the end of the affair", ranging from Sappho and Ovid to Carol Ann Duffy and Hugo Williams. It is edited by Susan Roberts and published by Viking (£9.99).

Twenty infected by new E.coli outbreak

Liz Hunt
Health Editor

At least 20 people have now been infected and two have died in the *E.coli* food poisoning outbreak in Arbroath it was confirmed yesterday, as new scientific evidence suggested that some yoghurts could protect against the bacterium.

Blood tests on residents and

staff at the Tayside town's Cairnie Lodge Home have confirmed 11 further cases of exposure to the *E.coli* O157 bug.

Local MPs yesterday demanded a statement from the Secretary of State for Scotland, Michael Forsyth, as fears grew that more lives could be at risk among the elderly residents who are most vulnerable to the bacterium.

Two women have died and another 83-year-old is giving "cause for concern" in the Infectious Diseases Unit at King's Cross Hospital in Dundee. An 84-year-old man also being treated at the hospital is described as "comfortable".

Tayside Health Board said that the 11 new cases did not mean the outbreak was growing, and that all the cases were

symptomless so far, and being closely monitored.

Meanwhile scientists at the Institute of Food Research in Reading said that micro-organisms called bifidobacteria, found in some commercially available yoghurts, "fought off" *E.coli* in laboratory experiments. According to a report in *New Scientist* magazine, bifidobacterium occur naturally in

the human intestine, but levels fall rapidly as people get older.

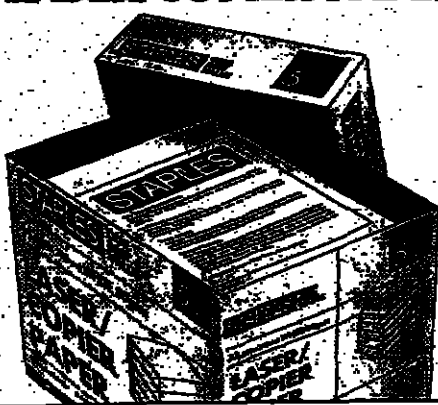
Glen Gibson, a scientist at the Institute said: "As bifidobacteria populations decline, those of potentially harmful bacteria, such as *E.coli* and *Streptococcus* surge." However, he warned that eating live yoghurt may not solve the problem. "It's asking a lot for them to get right through the gut to the large intestine."

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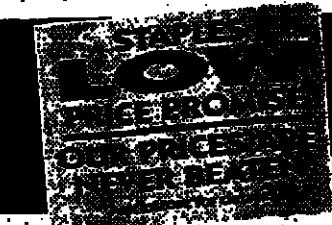
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windfall tax

Shadow chancellor pledges to plough £3bn revenue into programme to help unemployed

Labour plans to impose levy in first Budget

Anthony Bevins
Political editor

Labour's new windfall tax, which is expected "comfortably" to raise at least £3bn, will form part of Gordon Brown's first Budget, to be delivered within six weeks of his move into the Treasury.

But as Mr Brown showed in an interview on BBC Radio 4's *Today* programme yesterday, Labour is reluctant to go into any great detail before it discusses the practicalities – in government – with the Inland Revenue and privatised industry regulators.

Conservative demands for information on the amounts of tax to be raised from individual companies are regarded as a potential trap for the unwary, creating hostages to fortune.

While Labour's legal advice is that the windfall tax would withstand legal challenge in British or European courts, that does not mean that Labour leaders can abandon all care.

Injudicious statements could yet open the tax to legal action, as could any inequality of application of the tax. All utilities would have to be put on the same footing; if one was unjustifiably exempted, others could then open legal proceedings.

However, Mr Brown told *Today*: "I think what the utilities will now want to do, instead of defending a privileged position, is to work with us so that we can implement this in a sensible way."

He said that every privatised utility would be considered as a candidate for the tax, to be judged on the basis of "the extent of their monopoly position, the weakness, or not, of the regulatory regime, and the value of the assets on the point of sale."

But Mr Brown said last night there was no question, whatever the utilities themselves

threatened, "of any regulator allowing any rise in prices because of the windfall levy."

"And any attempt to lower investment levels below those which are promised would, of course, be in breach of undertakings made."

The main purpose of the tax is to finance Labour's pledge to get 250,000 young unemployed off benefit and into work.

Explaining how the one-off £3bn levy would be spent over a period of years, Mr Brown said in an Anthony Crosland

Privatised utility profits 1995-96

| | |
|--------------------------------|---------|
| British Telecom | £3,019m |
| British Gas | £607m |
| Water & Sewerage | £1,631m |
| Regional electricity companies | £1,681m |
| Electricity generators | £1,493m |
| National Grid | £816.5m |
| Scottish electricity companies | £599.9m |
| BAA (Airports) | £418m |

(The figures for the 10 water companies are for their main regulated businesses and exclude unregulated activities such as contracting and consultancy.)

Memorial Lecture last night: "A tax rebate of £60 a week will be offered to a private company to take young people on."

"They will be offered the option of employment through a community and voluntary organisation programme, or through our new Environmental Taskforce as part of our Citizen's Service."

"And each of these three options for work involves day-release education or training leading to a qualification."

"And to create a fourth option, full-time further education and training, we will end the perversion of unemployed young

men and women, without basic qualifications, being banned from benefit if they study for more than 16 hours."

Mr Brown repeated that "there will be no fifth option of remaining permanently on full benefit," he warned.

As for the older long-term unemployed, Mr Brown said that employers who took on people who had been unemployed for two years or more would be offered a £75 a week tax rebate.

The basic Labour employment programme is expected to cost £900m in the first year for the under-25s, and £100m for the long-term unemployed, with another £2bn spread over the remaining four years of a five-year Parliament.

If the windfall levy raised more than £3bn, that would be ploughed into the programme to help the unemployed – "part of an abandoned and forgotten generation."

Putting the tax into its political context, Mr Brown said last night: "There have been left-of-centre politicians who have espoused socialism, but fail to meet the test of credibility," he said. "There have been those who have presented themselves as credible by abandoning socialism."

"The real challenge of left-of-centre politics is to be socialist and at the same time credible." That was a challenge, he said, that Labour fully understood – "and fully intend to meet."

Mr Brown also said the "second building block" of his modernisation programme would bring a lower starting rate of income tax – 10p in the pound – and an adjustment of benefit clawback, "to make work pay."

It was said last night that he would like to introduce the 10p rate in his first year of office – but there is no question of windfall tax revenue being diverted to finance that proposal.

Utility chiefs resigned to paying levy

Chris Godsmark
Business Correspondent

The privatised utilities may kick and scream over the Shadow Chancellor Gordon Brown's proposed windfall tax, but in reality most are privately resigned to paying it.

The bulk of the huge profits earned by the electricity and water companies will continue to be based on monopolies over pipelines and wires for the foreseeable future.

Labour has given up listening to directors of these businesses who naively believe they can avoid the tax altogether. Most have stopped lobbying shadow ministers in favour of examining the legality of the tax. Already several utilities have pledged to test the legislation in the European Court in the interests of their shareholders.

So can they afford it? Recent research from NatWest Securities, the City of London arm of the National Westminster Bank, concluded that "logic" suggested Labour would raise £5bn.

An analyst with another leading City bank, who did not want to be named, said: "The utilities all have strong balance sheets with relatively small amounts of debt. Provided the tax is not levied at draconian rates they'll write a cheque out to pay it. They may not do that happily, but it won't hurt them."

The real haggling will be over those companies which have changed so much since the initial burst into the private sector that they no longer consider themselves to be utilities at all. British Telecom is the most obvious example. "We would argue we are not a monopoly utility," a spokesman said yesterday.

In BT's defence it does face stiff competition in the business and international phone call markets. The company's £12bn merger with the aggressive American long-distance operator, MCI Communications, also lessens BT's dependence on the UK market.

Yet BT still controls more than 90 per cent of residential phone lines and domestic cus-

tomers will see their bills regulated by a tough price cap until 2001.

The row goes a step further with BAA, the former British Airports Authority. Though it has a hugely dominant position in the South-east of England as the owner of Heathrow, Gatwick and Stansted airports, it has been hard at work lobbying Labour to try to show its competitive credentials.

It also insists that it has not made excess earnings and paid £103m in tax last year. How Mr Brown's parliamentary Bill will combat these claims is still unclear.

Yet perhaps the biggest hurdle Mr Brown faces may not be from the companies themselves, but from the industry regulators, who he has pledged to consult. Yesterday Clare Spottiswoode, the gas regulator and one who is never afraid to court controversy, said that she would tell Mr Brown that the tax would be "hard to justify".

She claimed her recent savage price formula for British Gas's pipeline business was designed to compensate for past efficiency gains. She went on: "If I was going to do my job properly there won't be any excess profits."

Ms Spottiswoode also argued that current shareholders of British Gas, who have had a torrid time in recent months because of her own price proposals, would be the ones clobbered rather than those who made the true windfall gains in the glory days of the late 1980s after privatisation.

Labour will also have to prevent the tax being passed on to consumers in higher bills.

Professor Stephen Littlechild, the electricity regulator, has said that he would be obliged to look at the case put to him by the companies. Equally, party sources said they would override such a move using existing legislation.

Few of those affected genuinely believe Mr Brown will fail to push through his cherished windfall levy. But this does not mean they will stop trying every method possible to persuade him to abandon it.

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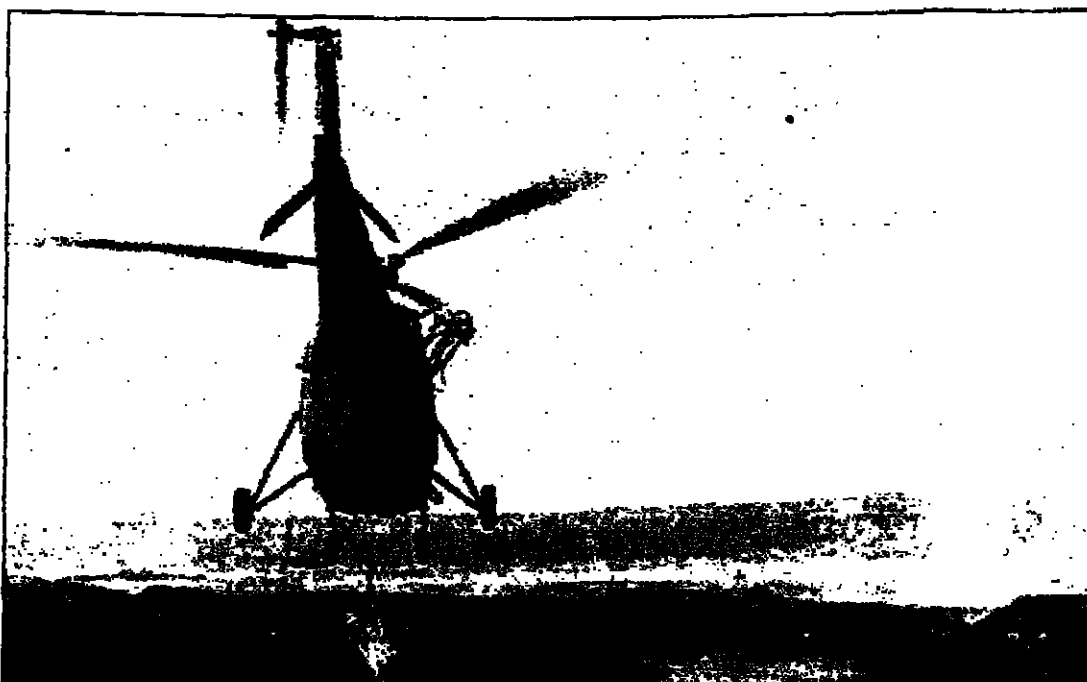
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Turks Islami

Christopher de Bellaigue

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Still not French after 74 years in France

John Lichfield
Paris

Anyone who has applied for any form of official document in France will sympathise with the sad, but ultimately happy, story of Angeline Le Layour.

A great-grandmother, aged 83, she has lived for 74 years in Morlaix, a small town in Brittany, believing herself to be French. One day last March she applied for a new identity card and was told she was not French, or at least could not prove she was French.

Mrs Le Layour had become French (or so she thought) when she married 66 years ago. She had voted in every French election over seven decades, had had French children, French grandchildren and French great-grandchildren. She had owned a succession of French identity cards and passports.

When her identity card expired last year, she applied for a new, computerised one. She was asked to produce a Certificate of French Nationality, which had never been required before and which, as far as she knew, she had never possessed. (The rules for automatic renewal of French identity cards have been changed as part of the switch to computerised cards. But many suspect identity and immigration procedures are being tightened in response to criticisms from Jean-Marie Le Pen's far-right Front National).

In any event, Mrs Le Layour was refused a new card. She appealed to the local courts and was again refused. The court said she must "justify her possession of French citizenship". For the last 11 months she has been technically stateless.

This week her lawyer, Gilles Caroff, appealed to the government, to publicise her case nationally. Yesterday, the Interior Minister, Jean-Louis Debré sent her a personal letter promising he would waive the rules. By early afternoon, Mrs Le Layour was French again and had the card to prove it.

Mr Caroff said yesterday it was a case of "bureaucratic lunacy". He had brought a string of witnesses to attest to Mrs Le Layour's Frenchness but it was not judged sufficient. "At least it has ended happily," he said.

The story coincides with a row over immigration rules. A law proposed by Mr Debré to "streamline" the procedures was stiffened by the National Assembly and then softened by the Senate last week. The suspicion is that the government wishes to play both sides of the fence, to deflect attacks from Mr Le Pen's Front National.

The pictures that prove the guilt of Moshe Dayan — hero and thief

Patrick Cockburn
Jerusalem

For three decades General Moshe Dayan, the most revered Israeli military leader, looted archaeological sites in Israel and in territories conquered by the Israeli army. "He robbed antiquities wherever he could reach," says Uri Yaron, a former magazine editor and radical member of the Knesset, who for years campaigned against Gen Dayan's activities.

By the time he died, his reputation tarnished by setbacks in the 1973 war with Egypt and Syria, the archaeological depredations of Israel's most famous general were notorious. He frequently dispatched military units to locate and retrieve objects for his collection. On his death in 1981 the Israel Museum in Jerusalem paid \$1m (£620,000) for a thousand objects owned by Gen Dayan, though critics argued that most were illegally acquired.

"It wasn't easy for archaeologists to stand up to him," says one Israeli ancient historian. Trudi Dottan, an archaeologist who knew Gen Dayan, says he had great intuition about where to dig, but also an all-consuming "lust for finding antiquities".

Uri Yaron says Gen Dayan grew up poor and was always eager for money. "He would go to an Arab dealer in Bethlehem, but the man would not dare to turn him down or charge him the real price for an object. It was close to expropriation."

Talbot Arnon, curator of the Dayan collection at the Israel Museum, says pieces of ancient jewellery Gen Dayan is known to have once owned were not among the objects the museum bought. "What we got was mostly pots and jars."

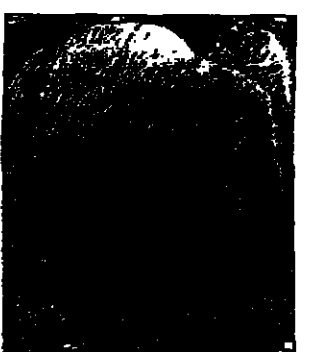
The reason Gen Dayan was able to get away with this for so long was that after Israel's victories in 1956 and 1967 he was a national hero.

Mr Yaron says that not only did archaeologists not support him against Gen Dayan, but "I have never known such hatred towards me because of my cam-

paign, not just in the Knesset but from people in the streets."

An Israeli journalist, Shush Mula, working for the Jerusalem weekly *Kohav*, has now discovered photographs taken by an Israeli military helicopter pilot, which for the first time show one incident of archaeological theft actually taking place just after the Israeli army, whose chief of staff was Gen Dayan, captured Sinai in 1956.

Uri Yaron, the pilot, has vivid memories of what happened, because he believes his life was put in danger by the venture, which had no military justification.



Close-up of carving of the Goddess Hathor on the stela

No sooner had the fighting finished during the Suez war of 1956 than Gen Dayan took his family to southern Sinai to visit Sarabit al-Khadim, a mountain-top which is the site of an ancient Egyptian sanctuary of the XII Dynasty, dedicated to the Goddess Hathor, often represented as a cow-headed woman. Beside her temple are stelae, or stone pillars, covered with hieroglyphs and carvings. On 27 November, only three weeks after the Israelis captured southern Sinai, Uri Yaron was sent to bring three of the stelae to Israel, where they ended up in the courtyard of Gen Dayan's house.

"We were told the mission was of national importance," Mr Yaron told Shush Mula. From the beginning they faced difficulties. Thick mist over Sinai

made it difficult for them to reach Abu Rudeis, the airbase nearest to Sarabit al-Khadim. "We flew over the ground, seeing nothing but clouds," Mr Yaron said. "The maps we had in our hands were of no value."

At Abu Rudeis they found somebody had stolen the extra supplies of gasoline on which they were counting. As they waited there was a sandstorm and Mr Yaron was frightened that sand would get into the helicopter's engine. He tried to protect it with canvas cut from old beach umbrellas.

The next day the helicopter found Sarabit al-Khadim after two failed attempts. The photographs show Mr Yaron standing with three other soldiers in front of a 10ft-high stela with others in the background.

Another photograph shows the AS-55 helicopter in the air with the stela hanging beneath it. It weighed half a tonne. "It was lack of responsibility not to tell us the weight," says Mr Yaron. Back in Tel Aviv a driver loading one of three stones onto a truck for carriage to Gen Dayan's house was surprised by its weight and dropped it, cracking the 3,500-year-old carving.

The travels of the carvings from the temple of Hathor were not over. In 1979 Gen Dayan joined the right-wing government of Menachem Begin as Foreign Minister. His reputation had never quite recovered from the initial success of the surprise attack made by Egypt and Syria in 1973.

At Camp David Israel agreed openly to return Sinai to Egypt and, less publicly, to return the carvings from Sinai which had been sitting in the courtyard of Gen Dayan's house. "The main difficulty was to persuade Dayan to give them back," said one of those involved.

Two years later Gen Dayan died. His health had been damaged by falling into an archaeological excavation. There was criticism of the purchase of his collection by the Israel Museum for such a large sum since under Israeli law the objects should have automatically be-



How it was done: The pilot Uri Yaron, in dark glasses, with the helicopter crew by the stela at Sarabit al-Khadim (above) before flying off with the stela hanging beneath it (top), en route for the house of Gen Dayan (top left)

longed to the state. Certain items were missing.

Talbot Arnon, curator of the Dayan collection, says the museum has 35 unique pottery coffins from 1,400 BC found in the Gaza strip acquired by Gen Dayan, but there is "no sign of the jewellery found in some of them."

By contrast the loot taken from Sarabit al-Khadim is back where it came from, none the worse for its sojourn in Israel, except that a large crack now runs down the face of a stela portraying the Goddess Hathor.

Turks take dim view of Islamists' rising profile

Christopher de Bellaigue
Ankara

"Parasites," is how Necmettin Erbakan, Turkey's Islamic-inclined prime minister, described several million of his compatriots on Monday. Mr Erbakan and his Welfare Party do not approve of a growing number of Turks who have taken to extinguishing their lights for a minute at 9pm each night.

The protest, which began modestly, but is now spreading fast — was originally intended to express liberal *Rick* disquiet at corruption within the state. However, government sensitivity — curious, since Mr Erbakan's Welfare Party remains largely unimplicated in allegations of skulduggery — has made it a symbol of an acrimonious debate between secularists and Islamists.

Backless comments by Mr Erbakan's justice minister, Seyket Kazan, have propelled Turkey's Alevis (Alevites), a religious minority numbering around 15 million, to prominence within this debate. Mr Kazan's mistake was to de-

scribe the nine o'clock protesters as players in "a game of candle-snuffing". Turks recognise this as an allusion to Alevi religious ceremonies, which in times of oppression took place in darkness. These involve both male and female family members. Mischievous Sunnis — who pray in seclusion from women — joke that the Alevis take advantage of the darkness to indulge in incest. But unlike Mr Kazan, few say so in public.

Mr Kazan's stock with Turkey's Alevis, who ally syncretist Islam with liberal politics, is already low enough. A lawyer by profession, Mr Kazan once defended religious zealots when they were accused of burning to death 37 Alevis and Alevi sympathisers in the central Anatolian town of Sivas.

Alevi groups say they hope the justice minister will appear in court on charges of "fomenting division", a serious accusation in strongly unitary Turkey. His indiscretion has already cost him friends in Welfare's coalition partner, the True Path Party.

Besides enraging Turkish

Alevis, Mr Kazan's comments have once again focused attention on tensions between Islamists and their more secular-minded countrymen.

Earlier this month, these tensions boiled over in Sincan, a small town 25 miles from Ankara. The town's Welfare Party mayor had endorsed a call by Iran's ambassador to Ankara for the imposition of the Sharia, Islamic law, in Turkey. Two days later, again in Sincan, a female television journalist was assaulted by a municipal employee. Then, on 4 February, Sincan's dawn calm was disturbed by the rumble of 30 tanks and armoured cars through the main street. "A routine manoeuvre," winked the top brass, who cite a constitutional obligation to protect the republic's secular status.

Sophistry, reply Turks, who were reminded of coups which took place in 1960 and 1980. They were not alone; on Wednesday, Madeleine Albright, the US Secretary of State, said that she too hoped Turkey would remain secular. The Americans have been worried by Mr Erbakan's over-

tures to Iran, whom they are trying to isolate internationally.

However, despite Welfare's best efforts to plant the pious inside the civil service, the bulk of Turkey's state apparatus — led by the military — appears to have resisted the lure of Islamic revivalism. Only this month, pressure from the military and some True Path ministers persuaded Mr Erbakan to abandon a series of innocuous-sounding measures designed to make Turkey a more Islamic place. These included proposals to build a large mosque in Istanbul's Taksim Square, a historic symbol of Turkey's links with the West, and to allow female civil servants to wear Islamic-style headscarves at work.

Islamists meanwhile become increasingly frustrated and there are claims that Sunni fundamentalist groups are using a rapid increase in gun ownership to prepare for violent conflict. However, the army remains grimly determined that Turkey will not become like Iran, and dimmed dining rooms at nine o'clock indicate that many more Turks agree.

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Why has Europe turned a blind eye to the corruption that has poisoned a nation?

Short-term interest in political stability has been put above longer-term problems, writes Andrew Gumbel

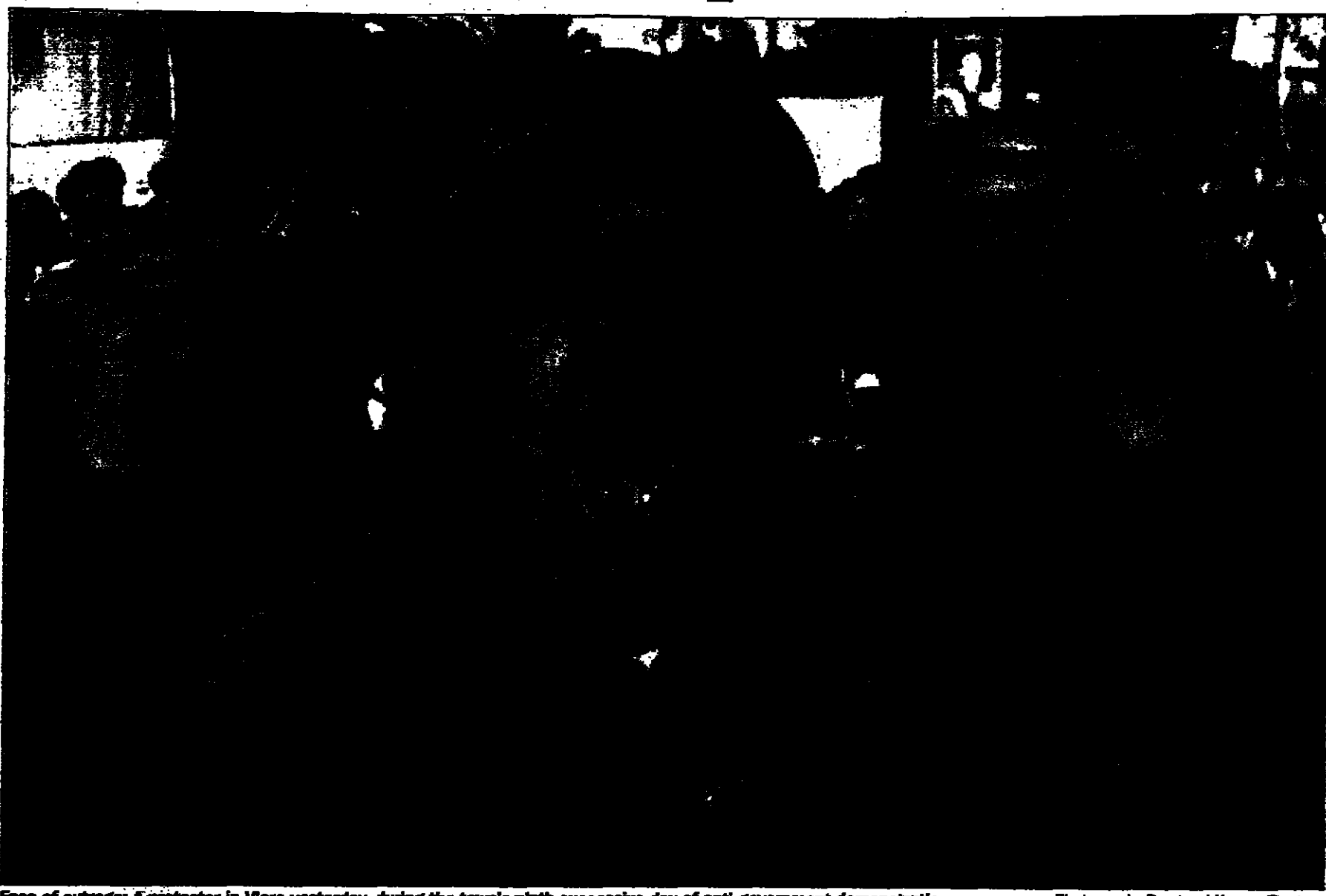
The evidence amassed by Western intelligence agents of collusion by the Albanian government in criminal racketry will come as no surprise to anyone familiar with the country and its lawless environment. What is surprising, however, is why the governments receiving the intelligence reports have chosen for the most part to turn a blind eye.

The allegations are very serious. Drugs, arms, contraband cigarettes – all are believed to have been handled by a company run openly by the ruling Democratic Party. Shqiponja, while it was in operation. The company, which has also been

accused of breaking the embargo on Serbia and Montenegro during the Bosnian war by shipping oil across Lake Skadar and by sea to Bar, was wound up in January 1996, but according to intelligence sources contacted by *The Independent* its activities are continuing.

Agron Musaraj, Interior Minister until last May's general elections, was pressured out of his job, the intelligence sources say, because the United States, the one Western country to take a critical stance on Albania, told the government it suspected that he was masterminding the entire drugs racket.

During Mr Musaraj's tenure, Albanian police made only one significant drugs haul, seizing some three kilos of heroin in February 1995. But



Face of outrage: A protester in Vlore yesterday, during the town's ninth successive day of anti-government demonstrations. Photograph: Reinhard Krause/Reuters

sources within the police said at the time this was only a small portion of a much larger shipment bound for Italy, the rest of which got away across the Adriatic unimpeded.

In the course of 1996 open allegations, considered credible by the intelligence community, surfaced in Albania that the Defence Minister, Safet Zhirali, had used his office to facilitate the transport of arms, oil and contraband cigarettes. He is still in office.

Now much suspicion is focussed on Vefa Holdings, Albania's largest private company and the biggest of the country's pyramid schemes still in operation. Vefa's chairman, Vebi Alimucaj, is a former army supplies manager who is accused of becoming rich by trafficking government armaments with the consent of the ruling order.

Why has the West put up with this behaviour, and allowed Albania to turn into a festering sore of criminality and potential destabilisation in what is already the most sensitive region in Europe? The reasons are far from clear but have to do with the international community's misplaced priorities in Albania, a fatal

misreading of the nature of President Sali Berisha's government from an early stage and – to believe the intelligence sources – degree of obstinacy and sheer ignorance.

The West allowed itself to be dazzled by the achievements of President Berisha's first two years in office, during which the country's economy rescued from the brink of chaos and starvation, consumer goods flooded in, inflation was brought under control, the currency was stabilised and the promise of full amenities to outside investors beckoned.

During the recent Balkan wars, it was considered essential for Albania to remain peaceful and refrain from stirring up trouble among the ethnic Albanian communities of Kosovo and Macedonia.

Legacy of conflict and misrule

When it comes to rulers, Albania has never had much luck. Although famed down the centuries for its proud, fiercely independent-minded people, the country did not achieve autonomy until 1912 but suffered under successive waves of conquerors from Byzantium, Serbia and Turkey.

The only true national hero was Gjergj Kastrioti, a 15th century warrior who kept the Turks out of the country for 40 years. But even Kastrioti, more commonly known by his English epithet 'Skanderbeg', could not force an independence movement and the country fell to the Turks shortly after his death.

Albania became a country in its own right at the beginning of the century. Two years into independence the First World War broke out and the Italians moved

in for six years. Thereafter, a power-hungry autocrat called Ahmed Zogu seized control and had himself crowned King Zog.

Then followed more Italian occupation more war, a civil conflict pitting Communists against royalists against republicans, and finally a 45-year period of Stalinist-inspired paranoid isolationism under the quicky dictator, Enver Hoxha.

Albania had plenty to be paranoid about. Clashes of what might have been considered its natural territory, in Kosovo and Macedonia, were ceded to Yugoslavia and the country remained an uncertain satellite of the Belgrade authorities for several decades thereafter.

The Communist period ended in 1990 in mass strikes and street protests. After a series of fragile transition governments, democracy at last arrived in April 1992 with the election victory of Sali Berisha and his Democratic Party.

But Mr Berisha's colleagues deserted him, accusing him of reverting to Hoxha-like authoritarian tactics, and within three months his government crashed to defeat in local elections.

Albania has reverted to depressing historical precedent ever since. This time, though, the people have tasted contact with different values. That may not be enough to sustain them through what promise to be some turbulent months ahead, but it may yet be the key to bettering the country.

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Albania has reverted to depressing historical precedent ever since. This time, though, the people have tasted contact with different values. That may not be enough to sustain them through what promise to be some turbulent months ahead, but it may yet be the key to bettering the country.

Albania has plenty to be paranoid about. Clashes of what might have been considered its natural territory, in Kosovo and Macedonia, were ceded to Yugoslavia and the country remained an uncertain satellite of the Belgrade authorities for several decades thereafter.

The Communist period ended in 1990 in mass strikes and street protests. After a series of fragile transition governments, democracy at last arrived in April 1992 with the election victory of Sali Berisha and his Democratic Party.

But Mr Berisha's colleagues deserted him, accusing him of reverting to Hoxha-like authoritarian tactics, and within three months his government crashed to defeat in local elections.

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Finally called to account for the BSE farce

It is possible to feel sorry for Douglas Hogg. A not especially remarkable Cabinet minister whose only purpose would have been to catch out trivia quiz contestants asked to list agricultural ministers. Memorable for his hats, a Grade II listed surname, for being married to a clever woman, and for having the misfortune to be holding the BSE parcel bomb when the music stopped.

But let us not allow sympathy to get in the way of retribution. Because it is right that the Government should be held to account for its handling of mad cow disease. For 10 years, it has been guilty of incompetence, complacency and cowardice. And the conventions of parliamentary accountability require Mr Hogg to take the rap, even though he has only been in charge for the last 18 months.

Labour is right to put down Monday's motion to reduce his salary – the polite way of calling for him to be sacked – and to make BSE an issue on which the Government could fall. It probably won't, but there would be a form of justice done if it did. Our only caviar is that Labour should have supported the Liberal Democrats when they put down exactly the same motion last year. That act of tribal small-mindedness weakens Mr Blair in Monday's vote. It adds to the impression that the Labour leader is making an opportunistic gesture. But just because

they did the wrong thing then does not mean they should be condemned for doing the right thing now.

So what is the case against the Government on BSE?

The possibility that the agents that cause mad cow disease might end up in beefburgers was first raised at the end of 1986. Mr Gummer's unwise publicity stunt in which he publicly fed a hamburger to his daughter Cordelia is one of the political images that will stick in our collective mind, and it contains an essential truth about the Government's attitude. Rather than err on the side of caution, Mr Gummer blithely asserted that, because no risk had been proved, there was no risk.

It is at this point in the argument that the stock response is usually deployed: Yes, but what would Labour have done? It usually emerges that Her Majesty's Opposition was either fast asleep on the job or ranting off at a tangent about something else entirely. Not in this case.

Step forward the unexpected figure of David Clark. Yes, him. Very properly there are members of his own family who don't know that he is a member of the Shadow Cabinet. But he is, and he was Mr Gummer's agricultural shadow. And his response to the possibility of BSE entering the human food chain was correct from the start. As a precautionary measure, he said, infected cattle should be

traced and related animals culled. Feeding them on minced sheep should be stopped. And research should be stepped up. We do not yet know how many people will die from the human variant of BSE, but prompt action then could well have saved some lives.

Why did the Government not act sooner? One of the more pathetic bleats of ministerial self-justification came recently from David Willetts, the allegedly brainy Postmaster General. Modern British government, he wrote, is constrained by the "iron triangle" of the courts, European insti-



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shaped precisely to encourage the kinds of intensive farming methods that threaten both our environment and, potentially, our health. And it is neither in farmers' long-term interest, nor that of the rest of the population, that they should exert so much influence on food policy.

So the most urgent of the fundamental lessons of the BSE crisis is that the Ministry of Agriculture, Fisheries and Foods should be abolished. Food safety should be the responsibility of the Department of Health, and the farming and fishing industries should be treated no differently from any other by the Department of Trade and Industry. So far, Labour has only proposed an "arm's-length" Food Standards Agency, which is not enough.

But Monday's vote is about the Government's record. For once, it is not a pointless Commons charade. There are good reasons of substance why honest, independent-minded MPs should vote against the Government on Monday. Tony Blair may have shied away from them yesterday, because he does not want to add to worries about British beef now that the Government has finally taken all the action it should have taken years ago. Instead, he chose to concentrate on John Major's foolish promise to get the European ban on British beef lifted by last November. That, and the

Prime Minister's petulant policy of non-co-operation with Brussels, should be condemned. But the real charge is that, bowing to farming interests, this Government needlessly endangered the health of its citizens a long time ago. This whole sorry tale has been one of accumulated mismanagement from start to finish.

The price of free speech

Salman Rushdie demonstrated his courage by making a joke of it – "just a cost of living increase" he said of the additional half a million dollars an Iranian religious foundation has added to the price on his head. In his plight, the author deserves support from the British government. The Foreign Office needs to state clearly that the Iranian government holds responsibility for any and all threats uttered from within that state, whether the voices claim to be religious authorities or no. Iran cannot be admitted to open international conversation unless and until the threat is lifted. The Home Office should re-commit itself to Mr Rushdie's protection. Politicians may sometimes forget it, but freedom of speech is one of the most important freedoms they uphold.

LETTERS TO THE EDITOR

Scots, English and a leap in the dark

Sir: I hope Andrew Marr was not suggesting ("England, stop whingeing about a Scottish parliament", 12 February) that Scotland does not benefit in terms of fiscal transfers from her membership of the UK, for she most emphatically and quite properly does. Like many radical revolutionaries, he tries to minimise the scale of this advantage and parrots the standard SNP myth that it is actually wealthy people in the Home Counties who enjoy the greatest "subsidies" from the state. He even distorts one of the SNP's greatest hits from the 1970s: "It's Scotland's Oil".

He wants a Scottish parliament, moreover, on the rather Islingtonian grounds that "what we need in Britain... is more diversity and experiment, not less". And so the people of Scotland are to be used as constitutional guinea pigs simply because we are bored with the old order.

The point is not that English people are "whingeing", but that the business of arranging a new constitutional settlement for Scotland is so transparently a vexed and uncertain affair. With Scottish vital interests at stake, honest analysis will serve us all better than urging Scotland to take a great leap forward into the dark.

JAMES MURPHY
London NW5

Sir: In your report " Tories threaten to make the Scots pay up" (11 February) you refer to Conservative propaganda that there is more "identifiable" government spending per head in Scotland than in England, with the implication that this is some sort of "benefit" bestowed on the Scots by virtue of the Union.

A more accurate picture will be obtained if revenue raising is also considered. Last month the Chief Secretary to the Treasury, William Waldegrave, admitted in a parliamentary written answer that, taking oil revenues into account, Scotland has paid a massive £27bn absolute surplus into the London Treasury since 1979. This is the equivalent of £5,400 for every person in Scotland.

JOE TAYLOR
Brighton, East Sussex

Sir: By all means reduce the numbers of Scottish MPs at Westminster. Scotland is, after all, over-represented. But that will not solve the West Lothian problem, for which the only solution would be complete exclusion while any English, Welsh or Irish business was on the agenda. Something that could be arranged quite simply if Scottish MPs were required to sit in both regional and UK parliament.

But it is invidious to give the five million inhabitants of Scotland a parliament of their own when a greater number of Londoners do not have and forum to call their own. Regional parliaments for the rest of the UK is an equitable solution and, if MPs are elected to sit in both parliaments, one that will seriously limit over-indulgence in non-productive waffle.

ROGER CHAPMAN
Knapley, West Yorkshire

Sir: Following the ill-advised comments of Stephen Dorrell, the debate on the merits of devolution has focused exclusively on Scotland's future.

On the same day that the Health Secretary's remarks were causing an



uproar, nearly 100 people prominent in Welsh life (from business figures, academics, and religious figures) through to celebrities from the worlds of sport, music and the stage) launched a new campaign. Our aim is to achieve a resounding "yes" vote in the referendum which we, as well as the Scots, have been promised following a change of government.

We have launched a non-party political campaign in advance of the election because we feel that there is a need to take the focus on devolution away from politicians and aim it at ordinary people, the vast majority of whom are members of no political party. The wrangling of recent days proves such an approach is sorely needed.

DARAN HILL
Organiser
Yes for Wales campaign
Cardiff

Historic archives under hammer

Sir: Your report on the sale of Marconi archive material (10 February), coming so soon after the sale of Brunel material last November, raises once again the urgent need to protect our national heritage archives from loss by dispersal.

It is clear that there is a continuing hemorrhage of historically valuable documents through random sale to the highest bidder, and that there is a need for an agency to control such degeneration of the national heritage. Such an agency, preferably part of a government department, would aim at identifying the owners of archival material with high heritage value;

advising them about appropriate national repositories to which it might be sold, if not actually donated; arranging for independent valuation of such collections; and facilitating the flow of heritage funds for the acquisition of archives by approved institutions.

By firm but judicious action such an agency could rapidly improve the condition of our heritage archives, and establish public access to them for posterity.

R. ANGUS BUCHANAN
Emeritus Professor of the History of Technology
School of Social Sciences
University of Bath

Proud of our rave in the nave

Sir: There is a lot of truth in Andrew Brown's article "Runcie and the long melancholy roar" (10 February) and a lot of fear in the criticisms of modern worship.

I am proud that I chaired the committee that introduced "Rave in the Nave" at Ely Cathedral at the beginning of this decade, but it is no threat to my four rural churches and their congregations. It is a successful annual event which draws young people (and some older ones) and aims to support their daily and weekly Christian worship.

However, few local churches can put on a professional and exciting youth service. In the main the staple diet of young and old will continue to be more or less traditional worship.

The cause for the sudden drop in attendance this year in the Anglican Church is something for which young people can reject all blame. Those under 23 have not voted for this government. Its deregulation and desecration of Sunday, and the policies that have undermined the family, mean that many of my church members no longer attend weekly.

Those in church have often had to make a massive effort to get there. If they are rewarded with an annual dose of worship which is relevant, different, exciting and challenging, they deserve it.

Rev STEPHEN LEEKE
Warboys, Cambridgeshire

Sudden approach of lawless cyclists

Sir: Helen Newton (letter, 10 February) is "puzzled" by bridle path cyclists who encounter the kind of rudeness from walkers that she never seems to receive as a long distance horse-ride.

K J McLean (letter, 3 February), may well give what he calls a "salutation" to pedestrians exercising their right to walk. It would be much better if he possessed, as is required by law, a bicycle bell, a polite tinkle on which would advise walkers of his approach, hopefully at a reasonable speed. No "salutation" or similar gesture will appease the irritation we pedestrians suffer upon being suddenly quietly overtaken by a cyclist who ignores the laws of the land, whether it be on bridle path or pavement.

"Polite behaviour" has long vanished among the cycling fraternity.

ERNE SEARS
Nesley Abbey,
Hampshire

Sir: Guy Davies suggests that, if Kenneth Wilson no longer believes the Bible is true, he should leave the priesthood and renounce Christianity, and he adds that "perhaps the Rationalist Press Association would give him a job".

I am afraid we have no vacancies at the moment, but the idea isn't as silly as it may seem. We have always had friendly relations with progressive elements of various denominations, several members throughout the century of our existence have been clergymen, one of our leading figures during the first half of the century was the former Roman Catholic priest, Joseph McCabe, and one of our present directors is a former Anglican priest.

A main strand of the freethought movement has always been rational criticism of the Bible and indeed of all religious scriptures and doctrines, and we welcome the very significant work done in this area by protagonists of "Liberal Christianity", which we at least would never stoop to describing as "intellectually dishonest".

NICOLAS WALTER
Rationalist Press Association
London N1

Tory message

Sir: At last (report, 12 February) the Tories have come up with a meaningful slogan: "Mayday! Mayday!"

COLIN M CAMPBELL
Edinburgh

No sale

Sir: Your report "Lobbyist offers his memoirs for sale" (13 February) is wholly inaccurate insofar as your references to HarperCollins are concerned. HarperCollins decided not to publish Ian Greer's book because we could not see any commercial justification for doing so. In short, we did not think it would make money.

EDDIE BELL
Executive Chairman and Publisher
HarperCollins Publishers
London W6

Cryonics are a long-odds bet

Sir: David E Pegg ("Only the gullible pay to be frozen", Letters, 12 February) misses the point about cryonics. People who opt to be frozen after death are taking a gamble. A gamble that the technological advances needed to revive them will eventually be made, that the company preserving them will survive, that those who like to impose their ethical standards on others will allow their revival, and, indeed, that civilisation itself will not collapse.

The odds against ever being revived must be astronomical, but so what? The alternative is to be 100 per cent certain of spending eternity dead.

PAUL BRATTON
London W5

Post haste

Sir: My experience has, unfortunately, been exactly the opposite of your correspondent's ("Greetings cards always delayed", Letters, 12 February). I posted a Valentine's card to my fiancée in Vancouver last Saturday and was told at the Post Office counter that it might get there by Friday.

However, she sent me an e-mail on Tuesday, saying she had already received it.

TIM SHORT
Reading,
Berkshire

Depressed? Blame media overload

Sir: In his examination of current high levels of depression and dissatisfaction ("The Blue Nineties", 11 February), Oliver James overlooks the single most glaring social difference between the 1950s and today.

The huge media explosion over the past forty years means that all of us, from infancy onwards, receive a considerable input about the world and other human beings from data already processed by other minds.

Compared with even recent history, when news, anecdote, opinion, advice and wisdom were passed from person to person, face to face, by word of mouth (with books as direct verbal communication from absent individuals), we now live in a virtually real fantasy world – that of the electronic media, advertising, film, and the tabloid press.

It is hardly surprising that against this daily and constant bombardment of images and sounds we should somehow feel that our personal and human status has been reduced.

It is conceivable that on evolutionary principles we may adapt to this comparatively recent change in our environment (after several thousand years of non-media development), but on a conservative estimate it will take about ten thousand years for a fully fledged, and happy, Media Man to evolve.

IAN FLINTOFF
London SW6

Sir: Oliver James is wrong when he says that "the SSRI most widely prescribed today is called Lustral". That honour goes to Prozac, which is also the world's most widely prescribed antidepressant.

DEREK G ANTHONY
Manager of Corporate Affairs
Lilly Industries Ltd
Basingstoke,
Hampshire

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TIM SHORT
Reading,
Berkshire

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business & city

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Talk of £1.3bn bid by Williams key to leap in Chubb shares

Tom Stevenson
City Editor

Williams Holdings was last night tipped to launch a £1.3bn recommended offer for locks and alarms group Chubb today, five years after it made an unsuccessful £700m bid for the company's former parent Rascal. Expectations of a bid from the conglomerate, whose own security arm owns the Yale brand,

sent Chubb's shares soaring. Chubb provoked intense speculation yesterday when it issued a statement saying it was in talks that might lead to an offer being made for the company at up to 450p a share but refused to name the bidder. In the market the shares closed 79p higher at 420p, their highest level for three years.

Analysts said a bid for the company was not unexpected

following disappointing recent results and speculation immediately focused on a handful of potential buyers including Rascal, Ingersoll-Rand, Tyco and Republic Industries. After strong profits growth following Chubb's demerger from Rascal in 1991, the company had recently failed to live up to earlier expectations.

One analyst said the sale was another example of chairman

Sir Ernest Harrison's focus on creating shareholder value. Following the successful demerger of Vodafone in the late 1980s from Rascal, Sir Ernest had spun off Chubb and installed David Peacock as chief executive with a remit to cut costs. Now that process was largely complete, a disposal of the company was the logical next step, the analyst added.

Chubb, with sales of about £1bn, has an attractive share of the estimated £25bn worldwide market for electronic and physical security. It has faced difficulties, however, in moving from the relatively low-growth markets of the developed economies to regions with more exciting growth prospects such as China, where the security business is starting more or less from scratch.

Williams has interests in the Far East with its security and fire prevention operations, the two legs of its business it plans to grow at the expense of its low-growth building materials division, the UK part of which it recently sold for £303m.

Although analysts thought a bid from Williams would make strong commercial sense, some questioned whether it would want to make such a large acquisition after recent comments suggesting it planned to spend about £500m on infill purchases. Williams has also indicated it would not issue further new shares to finance its ongoing expansion.

SEA bars Crook from UK trading

John Willcock

David Crook, a former senior trader with a merchant bank, has been banned from doing investment business by City watchdogs for the "grossly improper" transfer of \$70,000 of the bank's money to an associate of his in Zimbabwe.

Mr Crook joined Henry Ansbacher three years ago as a senior dealer in South African government bonds and gold shares. Yesterday he was expelled from the register of the Securities and Futures Authority (SFA), which will bar him from trading in the UK. He has also been ordered to pay the SFA costs of £8,500.

An SFA tribunal found that Mr Crook had "consistently and repeatedly lied or resorted to half-truths" during interviews with the regulator about his bank accounts.

Ansbacher is owned by South Africa's First National Bank of Southern Africa and has been reprimanded, fined £20,000 and required to pay costs of £5,400, the SFA said. A spokesman for Ansbacher said: "No comment."

The SFA has handed details of Mr Crook's case to the City of London Police. The police were unable yesterday to confirm whether or not they were investigating Mr Crook.

A spokesman for the SFA said yesterday: "I am not saying that our case against Mr Crook revolved around intent to permanently deprive his employer of the £70,000, but the circumstances of the case automatically put it into the 'notify police' category."

Mr Crook, a South African national, joined Ansbacher in April 1994. The following August, while the manager in charge of deal settlements was on holiday, Mr Crook made a payment of £70,000 by pretending that these were funds needed by a new trading account opened by Ansbacher with another firm.

The SFA says: "In fact no such account existed, and the payment was really an unauthorised transfer of funds to an associate of Mr Crook in Zimbabwe."

When the settlements manager returned from holiday he realised that this payment had not been properly authorised. The SFA was told about the deal by the bank in June 1995, by which time Mr Crook had been suspended. He had also repaid the £70,000 by borrowing the money personally. He was later sacked for "gross misconduct".

Discounts affair at Penguin deals another blow to conglomerate but Scardino insists she is getting to grips with problems

US accounts scandal costs Pearson £100m

Nigel Cope

Pearson, the sprawling media conglomerate, yesterday revealed that it had fallen victim to a complex accounting scandal which will force the group to take a £100m charge against its 1996 financial results.

The irregularities centre on Penguin Books in America where a rogue individual in the accounts department had been secretly giving unauthorised discounts to retailers in return for early payment. Stretching back to 1991, the irregularities involved what Pearson described as "an accounting web of breathtaking complexity." It is thought that the irregularities covered a significant proportion of Penguin USA's book sales.

Following heavy losses at Mindscape, the US software house acquired by Pearson in 1994, the Penguin problems cast fresh doubts on Pearson's ability to run businesses in America. Analysts said the scandal would also make Pearson more vulnerable to a break-up bid as predators seek to unlock the value of its disparate interests which range from Lazard's, the merchant bank, to Madame Tussauds.

"The more they [Pearson] disapprove, the more people expect someone to bid for them," said Anthony de Larrinaga, media analyst at Parumore Gordon.

After sharp falls following the announcement, Pearson shares recovered to close 14p lower at 749.5p supported by takeover speculation.

The scandal is a huge blow to Marjorie Scardino, who only joined Pearson as chief executive last month. Yesterday, she stressed that the scandal did not affect the underlying profitability of Pearson and that the prompt action by new management showed that Pearson was getting to grips with the problems.

"This is still a strong company and I have been very impressed with the quality of the management in most of the divisions," she said.

The accounting scandal arose at Penguin USA's accounting functions in Bergenfield, New Jersey. Pearson claims one person involved in the accounts receivable division started offering discounts to retailers in 1991 in return for early payment. The discounts averaged 5-7 per cent.

The employee was not at senior level nor paid a high salary. Though bonuses were payable Pearson claim there was no financial motive for the employee's action. It says the individual thought their job was to ensure prompt payment from customers and that success in this area would be welcomed by bosses.

Rumours had been circulating in the book trade that Penguin's US profits may have been overstated. "In recent years it has surprised many in the industry the way Penguin in the US has been able to fulfil very demanding financial targets from Pearson," said a senior figure in the book trade who has dealt with the publisher.

Pearson said that the complex environment of a publishing house, where huge numbers of invoices were circulated, made it relatively easy for a determined individual to deceive management and the auditors.

"This person was very sophisticated at moving sums of money around the system," Pearson said. One industry expert said Penguin's problem was not likely to affect the UK division, where operations were tighter.

The scandal was uncovered by Michael Lynton, who took over as chairman and chief executive in January having replaced Peter Mayer who retired. He discovered the irregularities when varying terms of trade with retailers emerged following the merger of Penguin USA with Putnam Berkley in 1995.

Pearson says the accounting practices were stopped immediately on discovery and have not been taking place at any other Penguin businesses outside the US or at Putnam.

"Those found responsible have been and will be appropriately dealt with," Pearson said yesterday. The individual responsible for the scandal was fired earlier this month. The company did not say if it would press for fraud charges.

Legal action against the former auditors Arthur Andersen is possible, though the company would not comment yesterday. Pearson has launched a full investigation led by its lawyers and its recently appointed auditors, Price Waterhouse.

It is possible that Pearson may be forced to make payments to retailers who were not given discounts.

Comment, page 21.



Riding the storm: Despite the scandal Marjorie Scardino, Pearson's new chief executive (pictured with the chairman Dennis Stevenson), said the conglomerate's underlying profitability would be unaffected. Photograph: Peter Macdiarmid

A success story in paperback

Patrick Tocher

Penguin is more than just one of the most venerable names in the book publishing world. It is an august institution - albeit one now tainted with the whiff of scandal.

Established in 1935 to help educate the masses with inexpensive paperbacks of classics, Penguin has grown to become the largest consumer book publisher in the UK and number four in the US, with global sales of £369m and profits of £33.6m in 1995. It is also the leading publisher of children's books in the UK, using the famous Ladybird imprint.

Yet its financial fortunes have always waxed and waned. Bought by Pearson in the late

Sixties, Penguin was suffering heavy losses when Peter Mayer, a brash American, took over as chief executive in 1979.

Mr Mayer wasted no time in scrapping Penguin's famous orange book covers - the green ones for thrillers also went. Traditionalists were also shocked when he bought hardback imprints such as Viking, Michael Joseph and Hamish Hamilton, bringing with them books such as Shirley Conran's *Lace* and Jane Fonda's *Work-Out*.

Mr Mayer was also a ruthless cost-cutter. In 1995 alone, 180 staff in the London headquarters were sacked, the managing director was replaced, some authors threatened to leave and morale plummeted. "There was some deal of fear about Mr May-

er," said a senior industry figure yesterday. "Questions were never really asked."

Mr Mayer was proud of the cultural changes he had unleashed. "Penguin has been liberated," he boasted to *Publishing News* shortly before announcing his surprise decision to quit last year. "We can publish any kind of book we want to."

But he was no barbarian at the gate, being prepared to take risks for the sake of literary freedom. Penguin published Salman Rushdie's *The Satanic Verses* and, like the author, Mr Mayer has lived under an Islamic death sentence since 1989.

However, Penguin has struggled in the UK over the past couple of years from substantial destocking, the collapse of the

Net Book Agreement and big retailers discounting best sellers.

But in the US Penguin continued to do better than its rivals, ostensibly thanks to a strong list of authors and imprints acquired in the late 1980s. Yesterday's unearthing of a £100m black hole in the accounts, blamed by Pearson on one middle-ranking employee, raises questions marks about how much of that performance was due to cooking the books.

Mr Mayer's successor, Michael Lynton, a 36-year-old Harvard Business School graduate who ran the Disney studio Hollywood Pictures, recently described his new job as "a dream come true". Six weeks after taking over, it has turned into a nightmare.

Tesco cuts NatWest tie to link with Royal Bank

Peter Rodgers
Financial Editor

A five-year financial services partnership between Tesco and NatWest agreed last summer broke up yesterday when the supermarket giant announced plans to team up instead with the Royal Bank of Scotland.

NatWest said it had refused to help Tesco expand further into retail banking and insurance, a decision which is the clearest indication so far of the extent of the threat from the supermarket chains to the big English high street banks.

Tesco's large store network could soon be competing head-on with NatWest's branches, but Royal Bank has a far smaller overlap with Tesco.

There is only a 3-4 per cent banking market share in England and Wales.

Shortly afterwards, Lord MacLaurin, chairman of Tesco, resigned as a non-executive director on the NatWest board because of the potential conflict of interest, and David Reid, the

deputy chairman of Tesco, quit his non-executive directorship of the insurance group Legal & General. Tesco will sell life insurance through its new joint venture with Royal Bank, which owns the telephone insurance company Direct Line and also has a strategic partnership with Scottish Widows, a competitor of L&G.

Derek Wanless, NatWest chief executive, said Tesco's NatWest is to bring all its investment management and long-term savings businesses under one umbrella, with the formation of a new grouping to be called NatWest Wealth Management. The business will have funds of £60bn under management and will be run by Paul Myers, chairman of Gartmore, the fund management firm taken over by NatWest. The business will include Gartmore, NatWest Life & Investment Services, as well as NatWest's UK life insurance, pensions and investment arms and NatWest Ventures, which provides private equity capital.

plans conflicted with NatWest's own retail banking strategy. It emerged that NatWest may make a claim against Tesco for the cost of pulling out of the five-year contract to manage the pioneering Tesco Clubcard, which pays interest on credit balances and has a low charge to borrowers. The Clubcard sparked the war among supermarket chains to enter financial services.

NatWest said the intention had been to work with Tesco over the five years of the contract to develop new card-based products, but "what they came to us with was akin to full retail banking and that did not fit with us".

NatWest added: "We will have to sit down with Tesco to thrash it out. There is a contract and they have given indications today that it will be broken."

Tesco said it offered NatWest the opportunity to continue as its banking partner but the offer was declined. NatWest refused to rule out a claim against Tesco for the cost of winding down the Clubcard service,

which employs a separate processing unit and a number of managers at the banking group to service the 9 million Clubcard customers. The problem for



Clubby: Terry Leary (left) of Tesco and Dr George Mathewson of RBS. Photograph: Jason Bye

NatWest was that Tesco decided to go well beyond plastic card products by developing a wide range of services including a pilot project for an in-store bank

later this year. The first big launch will be a Tesco credit card. The joint venture may apply for a banking licence.

Comment, page 21.

Ofgas opposes windfall tax on British Gas

Chris Goddard
Business Correspondent

Clare Spottiswoode, the gas industry regulator, yesterday signalled her clear opposition to attempts by Labour to impose its planned windfall utility tax on British Gas.

Responding to plans by Gordon Brown, the shadow chancellor, to levy a broad tax on "the excess profits of privatised utilities", Ms Spottiswoode doubted whether the principle behind the levy could be applied to British Gas. She explained: "If I was going to do my job properly then there wouldn't be any excess profits. If there aren't going to be any excess profits then it would be difficult to justify a windfall tax."

She argued the price controls planned for the group's pipeline business, Transco, which would cut about £30 off average bills from April, were designed to eliminate any excess earnings. British Gas has taken its battle against the price regime to the Monopolies and Mergers Commission.

Ms Spottiswoode pointed out that current shareholders in the company were not necessarily the same ones who had made excess profits on the rise in the share price since privatisation. Last year small investors, or "sides", saw British Gas's share price dive by a third, wiping out a large chunk of the excess gains, as the City took fright at the Transco price proposals.

Her comments yesterday were the most outspoken yet by a regulator against the windfall tax and bring Ms Spottiswoode into an unlikely alliance with British Gas on the issue. However, they could damage her relations with Labour in the run-up to the election.

In a separate move she confirmed her intention to publish several British Gas documents to try to provoke the company into a court battle over the disclosure of internal information. She dismissed British Gas's argument that much of the data it submits to Ofgas, her department, could affect its share price if it was made public.

"It is time that we really tested the law... A lot of the complaints British Gas has about confidentiality are bogus," Ms Spottiswoode said.

Ofgas also disclosed that independent Gas supply companies operating in trials of domestic competition in the south of England had agreed to a new voluntary code of conduct after allegations of dubious sales tactics.

Ms Spottiswoode said all British Gas's rivals would be joining the Direct Selling Association, a body recognised by the Office of Fair Trading.

The Gas Consumers Council had wanted Ofgas to make the code legally enforceable using its licence conditions. Ms Spottiswoode said she would "seriously consider" such a move, but only if the selling problems were not sorted out.

Ofgas yesterday released its annual report showing complaints against British Gas had tripled last year to 9,287. Ms Spottiswoode said complaints had levelled off but were "far from over".

| STOCK MARKETS | | | | | | | | | |
|---------------|---------|-----------|------|--------|-------|-----------|-------|------|------|
| FTSE 100 | | Dow Jones | | Nikkei | | Hang Seng | | ASX | |
| 4320 | 4327.10 | 7070 | 7070 | 14200 | 14200 | 11000 | 11000 | 1000 | 1000 |
| 4320 | 4327.10 | 7070 | 7070 | 14200 | 14200 | 11000 | 11000 | 1000 | 1000 |
| 4320 | 4327.10 | 7070 | 7070 | 14200 | 14200 | 11000 | 11000 | 1000 | 1000 |
| 4320 | 4327.10 | 7070 | 7070 | 14200 | 14200 | 11000 | 11000 | 1000 | 1000 |
| 4320 | 4327.10 | 7070 | 7070 | 14200 | 14200 | 11000 | 11000 | 1000 | 1000 |
| 4320 | 4327.10 | 7070 | 7070 | 14200 | 14200 | 11000 | 11000 | 1000 | 1000 |
| 4320 | 4327.10 | 7070 | 7070 | 14200 | 14200 | 11000 | 11000 | 1000 | 1000 |
| 4320 | 4327.10 | 7070 | 7070 | 14200 | 14200 | 11000 | 11000 | 1000 | 1000 |
| 4320 | 4327.10 | 7070 | 7070 | 14200 | 14200 | 11000 | 11000 | 1000 | 1000 |

| INTEREST RATES | | | | | | | | | |
|----------------|------|----------------|------|--------------|------|-----------|------|-------|------|
| Short sterling | | UK medium gilt | | US long bond | | Euro area | | Japan | |
| 3m | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 |
| 6m | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 |
| 12m | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 |
| 24m | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 |
| 36m | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 |
| 48m | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 |
| 60m | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 |
| 72m | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 |
| 84m | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 |

| CURRENCIES | | | | | | | | | |
|------------|--------|--------|--------|--------|--------|-------|-------|--------|------|
| Pound | | Dollar | | Euro | | Yen | | Aussie | |
| £/\$ | 1.6221 | \$/£ | 0.6165 | €/\$ | 0.6165 | ¥/\$ | 109.9 | A\$/£ | 1.50 |
| £/DM | 1.6221 | DM/£ | 0.6165 | ¥/£ | 109.9 | A\$/£ | 1.50 | £/NZ\$ | 1.50 |
| £/S\$ | 1.6221 | S\$/£ | 0.6165 | £/HK\$ | 7.75 | £/MOP | 10.00 | £/SG\$ | 1.50 |
| £/INR | 1.6221 | INR/£ | 0.6165 | £/R\$ | 1.50 | £/B\$ | 1.50 | £/T\$ | 1.50 |
| £/C\$ | 1.6221 | C\$/£ | 0.6165 | £/K\$ | 1.50 | £/P\$ | 1.50 | £/F\$ | 1.50 |
| £/CZ\$ | 1.6221 | CZ\$/£ | 0.6165 | £/H\$ | 1.50 | £/L\$ | 1.50 | £/S\$ | 1.50 |
| £/DKK | 1.6221 | DKK/£ | 0.6165 | £/ISK | 1.50 | £/N\$ | 1.50 | £/P\$ | 1.50 |
| £/FIM | 1.6221 | FIM/£ | 0.6165 | £/R\$ | 1.50 | £/S\$ | 1.50 | £/T\$ | 1.50 |
| £/FRF | 1.6221 | FRF/£ | 0.6165 | £/U\$ | 1.50 | £/V\$ | 1.50 | £/W\$ | 1.50 |

| OTHER INDICATORS | | | | | | | | | |
|------------------|-------|------|--------|--------|--------|----------|-------|--------|------|
| Oil | | Gold | | Silver | | Platinum | | Nickel | |
| Oil | 20.52 | Gold | 342.15 | Silver | 210.93 | Platinum | 108.9 | Nickel | 1.50 |
| Crude | 20.52 | 18K | 342.15 | 925 | 210.93 | 950 | 108.9 | 200 | 1.50 |
| Brent | 20.52 | 22K | 342.15 | 999 | 210.93 | 999 | 108.9 | 500 | 1.50 |
| WTI | 20.52 | 10K | 342.15 | 999 | 210.93 | 999 | 108.9 | 1000 | 1.50 |
| Light | 20.52 | 5K | 342.15 | 999 | 210.93 | 999 | 108.9 | 2000 | 1.50 |
| Heavy | 20.52 | 1K | 342.15 | 999 | 210.93 | 999 | 108.9 | 5000 | 1.50 |
| Super | 20.52 | 100g | 342.15 | 999 | 210.93 | 999 | 108.9 | 10000 | 1.50 |
| Ultra | 20.52 | 10g | 342.15 | 999 | 210.93 | 999 | 108.9 | 20000 | 1.50 |
| Refined | 20.52 | 1g | 342.15 | 999 | 210.93 | 999 | 108.9 | 50000 | 1.50 |

Source: FT Information



COMMENT

To fall victim even to a fraud as apparently motiveless as this one is to demonstrate serious failings in organisational structure and control. In Pearson's case, it seems to confirm all the market's worst suspicions of sloppy and unprofessional management

Penguin opens a new chapter in rogue traders

It is not just investment banks that fall prey to these days to the antics of out-of-control rogue traders, or so it would seem. Quite a number of industrial and service companies have been laid low by the rotten apple employee, too. But why did it seem so inevitable that the first media company to be made a laughing stock of in this way would be poor old accident-prone Pearson?

The first line of defence when confronted with the sickening discovery of a wrong 'un within your midst is to claim that it could have happened to anyone. Both Barings and Morgan Grenfell used this excuse and it was being liberally applied yesterday by Pearson. If this seems faintly unbelievable, there's always this convenient little fall-back line - that the wrongdoer was clever, manipulative, devious and covered his tracks well.

Furthermore, Pearson claims, in the world of book publishing it is easy to hide antics of this sort. But if what Pearson is trying to say here is that Penguin is a shambling and poorly organised environment in which this kind of thing tends to go by unnoticed, it doesn't seem to help its cause much either. As well, if all else fails there are always the auditors to blame. Quite a few audits were being made in that direction yesterday too, though this is always a poor excuse when the main duty of care when booking sales lies with directors.

As in all these cases, there can in the end be no mitigation here. To fall victim even to a fraud as apparently motiveless as this one

is to demonstrate serious failings in organisational structure and control. In Pearson's case, it seems to confirm all the market's worst suspicions of sloppy and unprofessional management. Coming so soon after the Mindscape fiasco, it surely would have drawn blood had the old regime still been in place.

As it is, Pearson has already cleaned out the stables. There's a new team at the top, none of whom can really be blamed for this, and new auditors too. If Marjorie Scardino acts as tough as she talks, then a wind of change will shortly be sweeping through this sleepy old organisation; the neglect and sentimentalism that allowed this and other disasters to happen will soon be a thing of the past. But is she going to get the chance? There surely couldn't be a better time than this for that long-rumoured break-up bid. Some investors are going to be saying enough is enough, management changes notwithstanding.

Chubb fattened up for the kill

Even for someone as well versed in shareholder value as Sir Ernest Harrison, today's expected £1.3bn bid for Chubb is something of a coup. Not satisfied with spinning off first Vodafone and then Chubb from Rascal, his sprawling electronics empire, he has now given shareholders another slice of

value just as the locks and safes business was running out of steam.

When Chubb emerged from Rascal it was flabby and undermanaged, grist to the mill for Ernie's hatchet-wielding lieutenant David Peacock, who set about the cost-base with gusto. No surprise that the shares should double during 1993 as he unlocked the company's well-hidden potential.

Since then, however, it has been downhill all the way as a talent for swinging the axe had to be replaced by a flair for top-line growth. The electronic and physical security market is huge, worth on some estimates £25bn a year, but in many developed markets it is also stagnant. In a handful of Far Eastern markets it is growing fast from scratch, but Chubb has struggled to capture those sales.

Chubb has had to work hard to shed its staid image and judge by its flagging rating it has by and large failed. Profits from locks and safes have sagged as weak European economies and the moribund Australian construction market took their toll. Even the sexier closed circuit TVs and alarms sector have struggled to generate double-digit growth. After disappointing interim figures before Christmas analysts have been taking the red pen to forecasts.

So securing a bid at a premium of almost 50 per cent to the shares' recent low represents a real coup, even if delayed growth from recent Australian acquisitions means the price is less attractive than it might

immediately appear. Adding in the £750m that the Rascal business is now worth, a total of more than £2bn compares pretty favourably with the £700m Williams almost got away with paying five years ago.

Managements are usually pilloried for overpaying for assets, but this case shows the dangers of being too parsimonious. If Chubb's latest suitors really are Williams once again, it is paying a heavy price for its tight fists in 1991, when it was widely thought that a final tweak to its offer would have won the day.

How Tesco played the wrong card

It is all very well for a bank to help a supermarket develop plastic payment and credit cards, a bread and butter processing service that can be done under anyone's brand name. But it seems to be quite a different story if a supermarket strays into banking heartland, by setting up branches in its stores and eventually applying for a banking licence. This is what tipped NatWest into withdrawing its co-operation from Tesco, whose phenomenally successful Clubcard service the bank had helped build up.

Prompted by Sainsbury's decision to set up a bank jointly owned with Bank of Scotland, Tesco is now thinking of doing exactly the same itself, in a game of financial services leapfrog with its closest rival. Tesco will

not be applying for a banking licence, yet, there is little doubt about where its plans are leading.

Even if NatWest had been more co-operative, it is hard to fault the decision by Tesco to switch to Royal Bank, which like Bank of Scotland has such a small share of the English and Welsh markets that the conflict of interest is insubstantial. As part of a streamlining of retail banking services, NatWest yesterday announced it would be sticking its fund management, private banking and life insurance operations into a single unit. In part, these moves are a response to tougher competition of exactly the sort that Sainsbury and Tesco are bringing to the banking market.

So it would have been a nonsense to continue the relationship. Indeed, eyebrows were raised when it was first announced, though at the time few realised what a threat the supermarkets might become to the banks. What neither side has yet admitted, however, is the likelihood that this will be a zero sum game. Banking is not a marketplace that will expand easily as new entrants arrive. The main impact of the supermarkets, therefore, will probably be to reduce the profitability of the banking market. There could be a quite vicious price war and smaller players will find it hard to survive. No wonder Lord Macaulay was made to feel so uncomfortable in his position on the NatWest board. He's about to take a knife to the bank's soft under belly.

Jump in inflation puts Clarke on the spot

Diane Coyle
Economics Editor

Kenneth Clarke, Chancellor of the Exchequer, suffered a fresh embarrassment yesterday when official figures showed an unexpected jump in the headline rate of inflation.

The news followed hard on the heels of the Bank of England's prediction, earlier this week, that inflation was set to miss the Government's target.

The Chancellor rushed to deflect attention from the disappointing figures to a report on the British economy from a friendlier source, the European Commission. "The Commission highlights the Government's economic policies as the reasons for the stable and sustainable recovery of the UK economy," Mr Clarke said.

A Treasury statement picked out a paragraph in the EU report which said the Government could achieve the target of underlying inflation below 2.5 per cent by the end of the current parliament.

However, the Chancellor forgot to mention the report's next paragraph, which warns of the danger of the economy overheating. "This may require a tightening of monetary policy," it continued.

City experts were certainly disappointed with the inflation figures, even though they showed the biggest one-month

drop in the price of clothing and shoes since 1947, when Christian Dior introduced his revolutionary New Look.

Most economists still expect the target inflation measure to fall below the key 2.5 per cent level during the next three months, but to start increasing subsequently.

Jonathan Loyles, UK economist at HSBC Markets, said: "This was a setback for Mr Clarke." But he said better news in the pipeline over the next few months would allow the Chancellor to avoid having to raise borrowing costs ahead of the general election.

Indeed, the Chancellor had been informed about the inflation figures on Tuesday afternoon, well before he announced on the day of the Bank's Inflation Report that he saw no need for higher interest rates.

Retail price inflation rose to 2.8 per cent in January from 2.5 per cent in December, with most of the increase due to a rise in mortgage rates during the month compared with a decline the previous January. The target measure, which excludes mortgage interest payments, was unchanged at 3.1 per cent, rather than declining as expected.

There was a record-breaking fall in the price of shoes and clothing, down 5.8 per cent in January. It was the biggest drop since figures began in



Return to the past: Tamara Beckwith (left) modelling a "Diorama" cocktail dress for the 50th anniversary of Dior's New Look. January saw the biggest drop in prices of clothes and shoes since 1947, when the New Look was launched. But the price of today's fashions (as compiled by Helena Christensen) has increased sevenfold in the past 50 years

1947. Although the price of clothes has risen nearly sevenfold during the past half century, their level is the same now as a year ago.

The price of household goods also fell sharply. The 3.6 per cent decline was the biggest since 1956. But offsetting these drops in prices on the high street, there were increases in non-seasonal food prices, car insurance, second-hand cars and a variety of services.

"Service sector inflation has at last responded to the stronger demand of the last year or two," said Simon Briscoe at Nikko.

Adam Cole at brokers James Capel said the figures strongly supported the Governor of the Bank of England

in his call for higher borrowing costs. The Chancellor, however, insisted that his views and the Governor's were very close. The Governor of the Bank and myself are entirely agreed that there is only a small dif-

British firms not scared of Europe

The Social Chapter has not scared British businesses from investing on the Continent. New research shows that UK investment in the European Union (EU) has overtaken investment in the US for the first time, writes Diane Coyle.

There is also no evidence that the cost advantage of production in the UK rather than on the Continent is slowing down foreign investment by British manufacturers.

In the five years to 1991, new investment by UK companies in the EU was £32.6bn, up from £20.6bn in the previous five years and from the tiny amounts in the early 1980s, according to a report published today by the National Institute of Economic and Social Research.

Investment in the US was far higher, at £46bn, in 1986-90, but fell behind, to only £26.7bn, in the latest five years. There is some evidence that companies diverted their investment plans from the US to the Continent.

The value of total British investment in Europe has similarly pulled ahead, rising to £71bn in 1995, compared with investments worth £66.7bn in North America. The figures highlight how much UK companies have at stake if staying out of the single currency's margins Britain in future.

The reason for this drift towards Europe is the single market programme, according to author Nigel Pain. The single market has raised the value of UK business assets in the EU by a third. The impact has been most pronounced in financial services, which would help explain why the City of London tends to favour Britain joining the single European currency.

Flexible workforces needed in Europe

Amid upbeat assessments for growth, the OECD and Brussels have focused on deregulation. Katherine Butler and Yvette Cooper report

The European Commission and the Paris-based Organisation for Economic Co-operation and Development (OECD) both joined the call for further deregulation in European labour markets yesterday, as they released upbeat assessments of the prospects for growth in Europe in the next few years.

In its annual economic report the European Commission went further than before yesterday in calling on European Union (EU) governments to embrace worker flexibility as the key to casting off the millstone of persistently high unemployment.

Meanwhile, the OECD's annual survey of the French economy said that although growth was likely to rise above 2.5 per cent in the next few years, unemployment would remain high without further structural reform. It also predicted that on current policies France would not meet the Maastricht criteria for joining a single currency.

The European Commission stops short of advocating the American economic model which for "social and political reasons" could not, it says, be emulated in Europe. The US approach to job creation had caused a "significant" drop in real wage income for the low skilled, the report said. Nevertheless, the Commission calls for "pragmatic solutions" including below minimum wages for the low skilled, for young people or the long-term unemployed, more flexibility in working time

and greater use of voluntary part-time work. Employers' contributions at the lower end of the scale should be lowered with any revenue loss offset by taxes on pollution or other environmental levies. A Commission spokesman stressed, however, that the choice of measures remained strictly for national governments to decide.

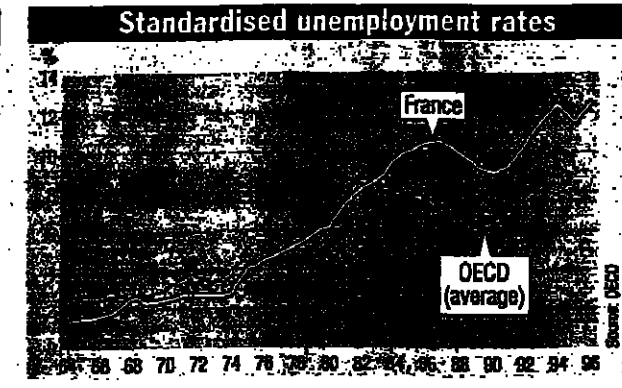
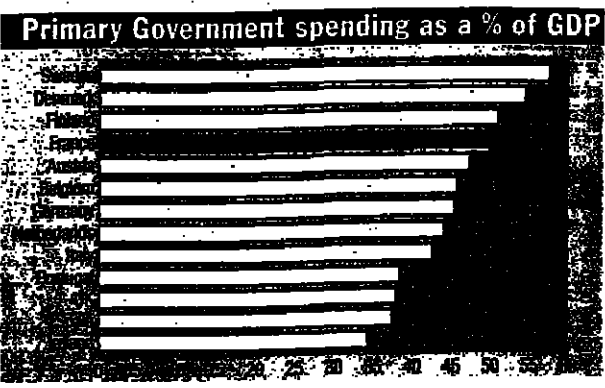
Sticking to the upbeat growth and budgetary forecasts it issued last November, the Commission anticipates steady growth in 1997 despite growing concern over the ability of Germany - where unemployment has reached post-war records - to meet the EMU deficit criterion. But the report concedes questions marks over budgetary consolidation in many member states could tarnish the rosy picture.

The Commission also warned that one-off accounting tricks employed by some governments to help their economies meet the entry criteria for EMU would not be enough to create the long-term budgetary stability which membership demands. "The main risk to the broadly favourable outlook would seem to reside in the possible emergence of doubts on the determination of governments to accomplish the process of budgetary consolidation," it said.

The report praises Britain's economic performance; the Commission says the UK is experiencing "a recovery of longer duration than in the rest of the EU". Debt has risen as a percentage of GDP but consolidation of the public finances has helped slow the increase and it is expected to peak at 57 per cent in 1997. This just below the 60 per cent maximum stipulated under the EMU qualifying rules. Britain's public deficit has already been forecast by the Commission to be 3.5 per cent of GDP in 1997 but the report admits this did not take account of the latest cuts in government expenditure and new measures to combat tax evasion and fraud. The government expects

towards a sustainable low budget deficit. The report praises Britain's economic performance; the Commission says the UK is experiencing "a recovery of longer duration than in the rest of the EU". Debt has risen as a percentage of GDP but consolidation of the public finances has helped slow the increase and it is expected to peak at 57 per cent in 1997. This just below the 60 per cent maximum stipulated under the EMU qualifying rules. Britain's public deficit has already been forecast by the Commission to be 3.5 per cent of GDP in 1997 but the report admits this did not take account of the latest cuts in government expenditure and new measures to combat tax evasion and fraud. The government expects

to bring the deficit down to 3 per cent of GDP this year but the report steers clear of predicting whether this will be achieved. The OECD forecasts that France will just miss the Maastricht deficit criteria. Its annual report on the French economy predicts government borrowing in 1997 of 3.2 per cent. However, the OECD says the Maastricht criteria are "within reach". Government borrowing is forecast to fall to 3 per cent of GDP by 1998. The French government has frozen nominal spending in the state budget for 1997, which will mean serious cuts in real terms. That, combined with social security reforms and the sizeable payment into the government coffers from France Telecom, is bringing the deficit steadily down.



BUILDING SOCIETIES ACT 1986

Notice under paragraph 7 of Schedule 17 to the Act

Notice is hereby given that Woolwich Building Society, Registered No 683B whose principal office is at Corporate Headquarters, Watling Street, Bexleyheath, Kent, DA6 7RR, desires to transfer its business to Woolwich plc, and that the society has applied to the Building Societies Commission to confirm the transfer.

Any interested party may make written representations to the Commission and/or give notice of intention to make oral representations to the Commission with respect to the application. Written representations and notices of intention to make oral representations should be received by the Commission at Victory House, 30-34 Kingsway, London WC2B 6ES by 17th March 1997. Oral representations will be heard by the Commission on 16th April 1997 at a time and place to be determined by the Commission.

WOOLWICH BUILDING SOCIETY

Principal Office: Corporate Headquarters, Watling Street, Bexleyheath, Kent DA6 7RR

business

Shell set to explore brave new world

THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

Shell tracked the market faithfully during the recession but it struggled off the wider gloom in 1994 and has been widening the gap ever since. Better-than-expected full-year figures yesterday lifted the shares another 27.5p to 1.089p, fully justifying outgoing chairman John Jennings's decision to give shareholders a two-for-one scrip to lower the price.

Often criticised in the past for being slow to react to a fast-changing world, Shell has actually rewarded patient shareholders well over the years. Investors who bought 10 years ago, just before the crash, and held on, have seen their capital grow threefold. Reinvesting the steadily growing dividends over that period would have led to a six-fold appreciation.

Yesterday's 30 per cent rise in net income to £5.7bn, a record, underlined the benefits of diversified groups such as BP and Shell. In a year when the oil price rose steadily to well above its average trading range over the past 15 years, buoyant returns from exploration and production (up 74 per cent to £3.2bn) were more than enough to offset a slump in chemicals profits (down 30 per cent to £762m) and an indifferent refining and marketing performance (2 per cent better at £1.75bn before exceptional).

The upstream arm benefited from the price of Brent crude rising to its highest levels since the Gulf war spike in 1990/91. Shell has an unmatched spread of exploration prospects worldwide and is cutting the cost of extracting oil along with the best in the industry.

It is elsewhere in the business, however, that Shell's future performance will be decided. Refining margins have been under pressure around the world for so long that inadequate returns are becoming the norm. In chemicals, that is the case in spades, and the challenge is relentlessly to cut costs and to churn the portfolio away from the basket case products where oversupply and weak demand mean there is no hope of ever getting a sensible margin.

Marketing, the lion's share of the downstream operation, is the real problem area, with deregulation in previously protected markets such as Japan causing havoc as old retail boundaries break down. In the brave new world of supermarkets selling petrol and oil companies peddling forecourt groceries, it will require nimble feet than Shell has shown in the past to come out on top.

Shell's \$12.3bn cash pile puts the company in an enviable position ahead of what the company forecasts to be a sustained rise in oil and gas production of perhaps 7 per cent a year for the next five years. To benefit fully from that it must beef up its spending on exploration and production capex, continue to explore partnerships such as the Texaco and Amoco alliances in North America and reduce the company's ex-

posure to the other damaging downstream cycles.

Shell will never set the investment pulse racing, but as a steady, core holding in an extremely well-run, reliable company, it is unbeatable.

Willis Corroon currency woes

Insurance brokers such as Willis Corroon have had little going for them over the past five years as rates have been driven relentlessly lower. The shares have been in steady retreat since peaking at 492p in 1986. Over the past five years alone they have lost 45 per cent of their value, dropping another 6.5p to 133p yesterday as currency woes were piled on top of the continuing gloom about insurance rates.

At first sight, the market's reaction looked cheerful, given that pre-tax profits, up from £50.2m to £91.6m in the 12 months to December, came in ahead of expectations. The comparison was flattered by last year's net exceptional hit of £30m, mainly for extra provisions to cover the group's withdrawal from certain UK underwriting operations. Equally, the rise in operating profits from continuing businesses from £79.4m to £87.8m was helped by what is likely to prove a one-off boost

from Willis's Lloyd's members' agency. The £14.5m profit commission for the 1993 year of account, a bumper one for names, is the first for several years and Willis is warning that current estimates are that 1994 commissions will be around half the previous year's level.

Looking past these swings and roundabouts, the group is doing its best to manage its way through the storms which continue to swirl around the broking industry. The figures included a further £11.3m severance burden as employee numbers, 11,500 two years ago, fell another 11 per cent to 9,116.

They are probably the minimum required in a business operating in a market which saw premium rates fall another 10 per cent or so last year. In view of that, Willis did well to raise brokerage and fee revenues in the continuing business by 3 per cent to £683m.

The picture is even better in most individual business sectors. Willis enjoyed a 4 per cent rise in reinsurance brokerage last year, a 2 per cent increase in specialty businesses like marine and aerospace and growth of 6 per cent in so-called "retail" lines sold to companies in the UK and 3 per cent in North American retail.

With no debt, the group is well positioned to attack the maturity of its markets by buying some of its smaller competitors, but it still has a big hill to climb.

Even with 70 per cent of this year's revenues sold forward, the currency impact of the pound at current rates could be £6m to £7m. Meanwhile, rates continue to fall. NatWest has raised its profits forecast to £94m for this year, putting the shares on a modest forward p/e of 10. Yielding 6.2 per cent, they are well supported, but investors hoping for a bid may be disappointed. Unattractive.

Bensons bags a return to profit

Sadly, Bensons Crisps' record as an innovator in the snack market has not been matched by its financial performance. The tiny Lancashire-based company has won fame beyond its size for such classics as hedgehog-flavoured and jacket crisps, many of which have been copied by its deeper-pocketed brethren. Such novelties did not prevent the group coming to the brink of collapse in 1994, when it was rescued in a supermarket price war. But after a £4.6m rescue cash call at 16p a share two years ago, new management has wrestled the group on to an even keel.

Yesterday's return to the black after two years of losses only served to underline the transformation. Pre-tax profits leapt to a record £2.03m in the year to November, up from losses of £747,000, producing earnings per share of 4p. The final dividend of 0.75p makes a 1p total for the year, the first since 1993 that shareholders have been blessed with any payment.

The good news prompted a 5p rise in the shares to 40.5p yesterday, their best level for over two years.

The figures reflect a rationalisation of the group's production facilities, which are now concentrated on a new £6.5m plant in Kirkham, near Preston. The resulting increased production efficiencies helped the £1.61m increase in turnover to £32.8m, down through to operating profits which soared from £928,000 to £2.54m. The comparison was helped by a £933,000 provision for a loss on a business sold, while interest charges fell. There should be more of that after gearing tumbled from 64 to 16 per cent during the year.

The key question for Bensons, with just 6.5 per cent of the crisps market, is whether it can avoid the pitfalls of the past. Its Dandy and Beano crisps, joined last year by Spiderman extruded snacks, have continued to do well and it is cranking up a new line at Kirkham to take control of all its tortilla corn chip production. That should add another string to its own-label portfolio, which already covers 59 per cent of its crisp sales.

House brokers Peel Hunt reckon profits will rise to £2.4m this year, putting the shares on a forward multiple of 10. Reasonable value.

C&G to cut back mortgage deals as lending increases

Magnus Grimond

Cheltenham & Gloucester, the former building society now part of Lloyds TSB, called time on some of the more attractive deals available to borrowers yesterday as it reported a near-doubling in its gross lending last year.

Andrew Longhurst, the former chief executive who is to become chairman, said the flat housing market meant competition for remortgage business had been particularly vigorous over the past two years, resulting in some offers to customers which were "clearly unsustainable" in the longer term.

"We are already seeing a return to a more healthy situation and while competition will continue to be keen, margins in 1997 are tending to widen." Big discounts and "cash-back" schemes are likely to be phased out by competitors, he suggested.

C&G, which prides itself on providing low-cost, no-strings mortgages, has abandoned its own promise to undercut the big five housing lenders on rates since the beginning of February.

Mr Longhurst said the new commitment only to be "competitive" would have no significant effect on borrowers, although he conceded there was little sign of any real improvement in the housing market: "You need to draw a very clear distinction between house prices going up and actual sales volume activity, actual sales in the market."

The market recorded the second-lowest level of transactions for 20 years towards the end of 1996. "You are not looking at a very buoyant market in terms of transactions, as not many people are putting houses on the market," he said.

But despite the caution about



Andrew Longhurst: Some offers were unsustainable

the market, C&G is continuing to prosper. Reporting its first full-year figures since its £1.8bn acquisition by Lloyds in August 1995, the group revealed a 92 per cent increase in gross advances to £6.74bn, boosted by the addition of Lloyds' existing mortgage book. Pre-tax profits leapt 36 per cent to £356m in 1996, helped by bad debt provisions slashed from £45.7m to £11.2m as arrears fell and rising house prices cut the level of negative equity. Arrears are said still to be running at below half the industry average of around 1.6 per cent of borrowers.

C&G is now claiming a 15.1 per cent share of the market for net new mortgage lending after net advances soared from £1.62bn to £2.82bn last year. The group said it was taking twice the amount of new business that its "natural" market share would suggest at the end of the year, its share of total outstanding mortgages in the UK had risen from 6.5 to 6.9 per cent.

Mr Longhurst said they had delivered on the strategy laid out in the transfer document which members were asked to vote on when Lloyds acquired the business.

"In the first year we have been able to double mortgage lending, double our natural market share and we have driven down the cost-asset ratio."

But it has not been entirely painless: the group's cost-income ratio crept up 1 percentage point to 33 per cent in 1996. Mr Longhurst blamed this on last year's interest rate promise, cash "gifts" paid to new borrowers and the decision not to charge them any initial set-up or other fees.

He said Lloyds TSB, which reports its 1996 profits today, remained "alert" to strategic acquisitions, but there was nothing on the stocks at the moment. The group will see around 1,000 branches added this year, taking the total to some 3,000, after it starts selling through TSB, Black Horse Agencies and Lloyds Property Services outlets.

£35m from Britannia in mutual benefits

Britannia Building Society yesterday underscored its determination to remain a mutual society by announcing a £35m distribution to its members under the Members' Loyalty Bonus Scheme, which was launched a year ago.

John Heaps, chief executive, said: "Even allowing for the costs to cover the Loyalty Bonus Scheme, special discount and associated costs, we have still managed to maintain our solvency ratio and the investment programme necessary to improve our service to members."

"This is proof, if any were needed, that the Members' Loyalty Bonus Scheme is sustainable and that Britannia has a sound future as a thriving, modern mutual."

Members earn points depending on the length and depth of their membership. This year, the declared value of each point is 22p. Around 780,000 people qualify for payments of up to £50; 217,000 qualify for up to £100; and 43,000 qualify for more. The highest payment is £500, and the average is £35.

The payouts accompanied Britannia's results for 1996, showing that a drop in interest receivable from £815m to £753m was almost cancelled out by a reduction in interest payable from £622m to £563m.

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IN BRIEF

• Retail sales in the US rebounded last month after a December performance that was much weaker than originally estimated. Sales rose by 0.6 per cent in January, or 0.4 per cent excluding cars. But the increase for December was revised down by half to a modest 0.3 per cent. These figures hinted at a slightly weaker pace of economic growth, but the weekly figures for new jobless claims pointed in the opposite direction. They fell to 309,000 last week, the lowest number since July when job creation was powering ahead, from 324,000 the week before. The financial markets took the mix favourably, on balance. More significant figures, for industrial production and capacity use, are due today.

• The Government's Paymaster agency is being sold to EDS/Hogg Robinson for £22.7m. The agency provides pensions and banking-type services to the public sector. It has annual turnover in excess of £25m, administers 1.6 million public sector pensions, operates accounts with the Bank of England of 1,400 government departments, agencies and other public-sector organisations, and has comprehensive in-house information technology systems.

• West European car registrations fell 2.9 per cent in January to 1,130,000, according to the Association des Constructeurs Européens d'Automobiles. Registrations in the 15 EU countries fell 2.5 per cent to 1,099,200, while those in Norway and Switzerland were down 16.3 per cent to 30,800. The sharpest falls were a 33.7 per cent drop in French registrations to 122,300, a 26.3 per cent decline in Switzerland to 19,600, and a 9.7 per cent decrease to 23,400 in Austria. There were sharp rises in Sweden of 28.4 per cent to 14,400, in Spain of 22.1 per cent to 68,600 and in Ireland of 20.7 per cent to 20,400.

• Telewest Communications has appointed Stephen Davidson chief executive. He has been acting chief executive since August. The company has also appointed Charles Burdick as finance director.

• BAA said its seven UK airports handled a total of 6.7 million passengers in January, an increase of 5.2 per cent on the same month last year. The company said the increase would have been 6 per cent but for the effect of fog disruption at London's Heathrow, Gatwick and Stansted airports, which reduced the number of passengers by about 30,000. All major markets saw growth in the month, with North Atlantic services growing by 12.2 per cent and other long haul routes up by 7.9 per cent.

• Lufthansa said its cargo operation and Scandinavian Airlines Systems Cargo are to co-ordinate freight, sales and marketing activities as part of a drive to cut costs. The companies, which already operate joint passenger flights, will share freight technology services and work together on new products.

• Copyright Promotions has signed a contract for the Mr Men characters with Playmates Toys of the US. Playmates Toys will develop a range of Mr Men and Little Miss toys in time for the first broadcasts of the Mr Men TV series in the US in the autumn.

• Macfarlane Group (Clansman) is buying Amalgamated Plastics, a maker of polyethylene film, for a maximum £7.5m. In the year to October, Amalgamated made profits of just under £500,000 on sales of £21.17m.

• Candover Investments, the venture capital company, said the heady level of mergers and acquisitions in the UK could continue over the next five years. It said a survey of 50 of the UK's biggest companies showed that 44 per cent planned to make an acquisition within the next year, and 76 per cent were likely to do so in the next five years.

| Company Results | | | | |
|--------------------------|---------------|---------------|----------------|-------------|
| | Turnover £ | Pre-tax £ | EPS | Dividend |
| Amalgamated Plastics (P) | 15.5m (14.0m) | 1.03m (0.84m) | 17.1p (15.5p) | 8.3p (8.1p) |
| Bensons Crisps (P) | 32.8m (31.2m) | 2.03m (0.73m) | 4p (1p) | 1p (nil) |
| Marston Global (P) | 255m (173m) | 5.17m (2.02m) | 13.12p (8.03p) | 4.2p (2.7p) |
| Willis Corroon (P) | - (C) | 81.8m (50.2m) | 13p (7p) | 6.5p (6.8p) |

(P) - Profit (C) - Income

Ivory & Sime rebuilds fund manager team

Magnus Grimond

Ivory & Sime, the troubled Edinburgh investment management group, yesterday moved to repair some of the damage caused by last week's ousting of managing director Colin Hook by announcing the recruitment of five senior fund managers.

The new recruits will fill some of the gaps created in the last two months by the departure of seven executives, including two board members, which has prompted speculation that the group is ripe to be taken over.

But Sir David Kinloch, who was drafted in by Caledonia Investments, Ivory's controlling shareholder, to replace Mr Hook, again firmly rebutted any suggestion that the group was for sale and suggested that morale was starting to improve. "I would like to think things are much more stable here." The group had not lost any of its funds under management since the latest upheavals came to light, he said. "I think clients are broadly happy. None have indicated they want to leave."

The new team is headed by Raymond Haines, a former

head of investments at Hill Samuel Asset Management.

Also joining are Paul Galloway, a refugee from General Accident, which is moving its fund management operation to London, Danika O'Neal, who is coming from Investment Bank Austria to take up a new role covering European smaller companies and Raymond Abbott, coming back to Ivory after seven months with the Royal Bank of Scotland. The fifth recruit, George Fures, is already in place as senior dealer after 30 years with Edinburgh stockbrokers Bell Lawrie White.

Sir David said they were still working on filling one or two further gaps, but added: "I think this is an indication we haven't been idle." They had been working on recruiting people over the past five weeks. "We had quite a lot of interest, but it would be wrong to say people were beating a path to our door."

He refused to be drawn on whether Ivory was looking for a replacement at board level for Gordon Neilly, the former business development director, who left at the end of last year.

British Biotech finance boss quits

Magnus Grimond

British Biotech, the UK's leading biotechnology group, surprised the City yesterday by announcing the sudden resignation of its finance director, James Noble, leaving behind potential option profits of around £2.65m. Shares in the group initially fell 20p, before recovering to end 9.5p down at 239p.

Mr Noble was a key figure in the group's relations with both the City and the press and one shareholder suggested yesterday he had been guilty of "oversteering" the story at times. But Keith McCullagh, chief executive, said there had been no dissatisfaction with Mr Noble.

"James's management of the accounts has been exemplary."

The company was moving to a new stage of its development as it established new trading subsidiaries on the Continent, which would require the establishment of systems and procedures to match.

"James has been thinking whether he wants to help take us forward as the next stage of his career and he has come to the conclusion that he doesn't." Mr Noble, who arrived from Kleinwort Benson, the merchant bank, in 1990, is understood to be looking at a number of other options, including joining some young growing companies.

Adale, 34. It's not the end of the line...

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Still bleeding: Cor Boonstra (left) and the UK vice-president of Philips, Dudley Eustace, at the agn in Eindhoven, the Netherlands Photograph: Reuters

Review plunges Philips in red

The root-and-branch review of Philips Electronics by Cor Boonstra since he became president of the world's third-largest electronics company last October has led to a further rise in already hefty restructuring charges, resulting in a surprise loss for the fourth quarter of 1996.

There was a mixed reaction among analysts to the additional action announced yesterday by Philips to become more competitive against its two main Far Eastern rivals - Samsung and Sony - and to two top level departures from the management board.

Some analysts believed the decision to increase restructuring charges from 1.85bn guilders to 2.57bn guilders (£835m) should yield solid benefits next year, while others doubted whether it would be enough to resolve the company's problems. The mixed views

caused Philips' share price to bounce around between 76.5 and 79.9 guilders after the announcement.

Peter Worle, an analyst at Delta Lloyd Bank, said: "The figures were not as good as expected, but not terribly disappointing. It is a good idea Philips is taking all the charges now... 1997 will probably still be tough, but in 1998 the effects of all the restructuring should start working out."

The restructuring charges - of which 725m guilders related to the troubled Grundig business in Germany - culminated in the company booking

a net loss of 590m guilders for the year, a stark contrast to the 2.52bn guilders profit made in 1995. And before the restructuring costs, the loss in the fourth quarter was 81m guilders as almost all of Philips' businesses recorded declines.

Commenting on the results and on prospects, Mr Boonstra said 1996 was "disappointing" as sales rose just 6 per cent to 169.2bn guilders and costs rose faster. In 1995, sales rose 11 per cent.

He said that positioning Philips for growth "cannot be done by cutting alone" and added that he would be ready

to implement a growth strategy by year-end.

He reiterated his policy of weeding out the company's under-performers and loss-makers. "While this process is not yet complete, it is on schedule, and we are rapidly disposing of activities that absorb profits, cash and management time."

Dudley Eustace, Philips' chief financial officer, said Grundig cost the company about 1.2bn guilders in 1996, exclusive of operating losses. The Dutch electronics maker has set aside 600m guilders to buy itself out of an agreement to bear

Grundig's losses and pay the founding family trust a yearly dividend, irrespective of results.

Beside severing ties with Grundig since becoming president, Mr Boonstra has closed the Superclub International chain of video stores, decided to sell the cable television business and to find a partner for the multi-media business.

His strategy virtually opposes the vision of Jan Timmer, his predecessor, who yesterday resigned from Philips' supervisory board - a move that analysts construed as a protest against Mr Boonstra's actions.

Mr Boonstra, however, dismissed claims that the departure of Frank Caruba, a management board member, that was also announced yesterday was a sign of top-level discord. He has agreed to continue to work for Philips as a consultant.

Some traders in the City tried to write a ditty...

PEOPLE & BUSINESS



Nick Hodges: LIG is targeting the financial community

How many words can you think of that rhyme with Durex? London International Group have launched a new web site targeted at the financial community, and are holding a limerick competition to celebrate.

The LIG web site team have devised an on-line competition with a grand prize of a romantic weekend at Tynney Hall in Hampshire for the lucky winner.

To qualify, entrants have to invent a printable limerick using the brand names of at least two of LIG's products. These include Durex, Sheik and Ramesses (condoms), Marigold (washing up gloves), and Mister Baby (health and beauty aids). There are other brands on the web site, whose address is: <http://www.lig.com>.

The web site also contains stuff about share prices and company developments. LIG already has a Durex web site. You have until 24 March to enter your ditties via the Internet, and the winner will be announced, appropriately enough, on April Fool's Day.

Nick Hodges, chief executive of LIG, says: "The success of our Durex site, which has had over 6 million hits in 12 months, has convinced us that the Net is already a very effective communications medium."

"The new corporate site is interactive, animated and will be constantly updated, enabling users to access news on the latest developments within the Group as well as a library of historic data."

As for the limerick competition, the only words I can think of so far which rhyme with Durex are hex, Lex and Beck's. Good luck.

It wasn't just the England football team that had a bad time on Wednesday.

Ladbroke, which has a link with Hilton Hotels, was busy preparing a press release on the 310bn hostile bid by Hilton for hotels and casino group ITT in the US.

Then a builder outside

Ladbroke's Watford head office drilled through the main power line and scuppered the publication.

Ladbroke's misfortunes continued into the evening, when they were hosting the launch of a new spread betting service in the City. Guest speakers included footballer Mick Channon and John Parrott, the snooker player, who were invited to give their wisdom on the England/Italy game, which was screened live for the guests.

Predictably, the atmosphere turned a bit flat when Zola planted the ball in the back of England's onion bag.

"We won't be running one of these events again in a hurry," muttered a Ladbroke spokesman afterwards.

This week has marked the return of Cameron Brown, the ex-Guinness Mahon director who steered the growth of Abaco Investments until it was bought by British & Commonwealth in 1988. Mr Brown is back in business with C&B Publishing.

Trading started on AIM last Friday. Placed at 110p the shares moved to 165p on Friday and then up a further 15p on Monday.

C&B Publishing is a holding company for a group launched in 1989 by Mr Brown and Mark Collins, a

scion of the Collins publishing clan, who was previously deputy chairman of Weidenfeld Publishers.

C&B's shareholders include Paul Tierney, a director of VAI Corporation, parent of United Airlines and principal of US investment house Golust, Tierney & Oliver. They also include Tim Razzall, former chief executive of solicitors Frere Chalmers Biscoff and also national treasurer of the Liberal Democrats.

What have Hampton Court Palace, Wormwood Scrubs and wallpaper maker Borden Decorative Products got in common?

Their respective managements have all taken part in the annual Venture business game held by the Bradford Management Centre.

The business world's equivalent of fantasy football, it relies heavily on computer models of company life. Top bidders meet every fortnight over six months to mull management decisions for a virtual company. The winners this year will pick up £18,000 of Hewlett Packard equipment.

If you fancy yourself as a virtual Branson, contact: Venture Competition, University of Bradford Management Centre, tel 01274 384416.

John Willcock

Foreign Exchange Rates

| Country | Spot | 1 month | 3 months | D-Mark | Spot |
|------------------|--------|---------|----------|--------|---------|
| US | 1.5221 | 10.8 | 31.28 | 1000 | 0.5927 |
| Canada | 2.540 | 54.48 | 163.16 | 3365 | 24.28 |
| France | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| Germany | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| Italy | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| Japan | 2.0221 | 95.91 | 281.27 | 12456 | 48.47 |
| UK | 1.4067 | 21.78 | 66.36 | 1832 | 13.4 |
| Belgium | 56.482 | 5.10 | 15.10 | 34380 | 7.3 |
| Denmark | 10.428 | 222.177 | 655.556 | 58979 | 298.247 |
| Netherlands | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| Ireland | 10.428 | 222.177 | 655.556 | 58979 | 298.247 |
| Norway | 10.428 | 222.177 | 655.556 | 58979 | 298.247 |
| Spain | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| Sweden | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| Switzerland | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| Australia | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| Hong Kong | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| Malaysia | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| New Zealand | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| Singapore | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| Saudi Arabia | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| South Africa | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| Taiwan | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| Thailand | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| Other Spot Rates | | | | | |
| Country | Spot | 1 month | 3 months | D-Mark | Spot |
| Argentina | 16204 | 0.9999 | | | 806000 |
| Australia | 1.5221 | 10.8 | 31.28 | 1000 | 0.5927 |
| Brunei | 1.5221 | 10.8 | 31.28 | 1000 | 0.5927 |
| Canada | 2.540 | 54.48 | 163.16 | 3365 | 24.28 |
| China | 1.5221 | 10.8 | 31.28 | 1000 | 0.5927 |
| Czech | 1.5221 | 10.8 | 31.28 | 1000 | 0.5927 |
| Denmark | 10.428 | 222.177 | 655.556 | 58979 | 298.247 |
| Egypt | 1.5221 | 10.8 | 31.28 | 1000 | 0.5927 |
| France | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| Germany | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| Greece | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| Hong Kong | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| India | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| Indonesia | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| Italy | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| Japan | 2.0221 | 95.91 | 281.27 | 12456 | 48.47 |
| Korea | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| Malaysia | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| New Zealand | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| Norway | 10.428 | 222.177 | 655.556 | 58979 | 298.247 |
| Philippines | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| Portugal | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| Saudi Arabia | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| South Africa | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| Spain | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| Sweden | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| Switzerland | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| Taiwan | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| Thailand | 2.7367 | 69.61 | 203.93 | 16871 | 30.28 |
| UK | 1.4067 | 21.78 | 66.36 | 1832 | 13.4 |
| USA | 1.5221 | 10.8 | 31.28 | 1000 | 0.5927 |

Forward rates quoted high to low at a discount; subtract from spot rate to add to spot rate.
*Dollar rates quoted as reciprocals.
For the latest foreign exchange rates call 0811 123 3033.
Cable rates 50p per minute (day rate) 45p other times.

Interest Rates

| Country | Rate | Country | Rate | Country | Rate |
|-------------|-------|-------------|-------|---------|--------|
| UK | 6.00% | Germany | 2.50% | US | 8.75% |
| France | 3.50% | Italy | 4.75% | Japan | 5.00% |
| Canada | 2.50% | Spain | 3.00% | Belgium | 2.50% |
| Netherlands | 2.50% | Sweden | 3.00% | Denmark | 10.00% |
| Australia | 2.50% | Switzerland | 3.00% | Lombard | 4.25% |

Bond Yields

| Country | Yr | Yield | Country | Yr | Yield |
|-----------|-----|-------|-------------|-----|-------|
| UK | 70% | 6.82 | Netherlands | 70% | 4.48 |
| US | 60% | 6.55 | Spain | 70% | 5.63 |
| France | 60% | 6.55 | Italy | 70% | 5.63 |
| Germany | 60% | 6.55 | Sweden | 70% | 5.63 |
| Canada | 60% | 6.55 | Switzerland | 70% | 5.63 |
| Australia | 60% | 6.55 | Denmark | 70% | 5.63 |
| Japan | 60% | 6.55 | Lombard | 70% | 5.63 |

Money Market Rates

| Country | Rate | Country | Rate | Country | Rate |
|-------------|-------|-------------|-------|---------|--------|
| UK | 6.00% | Germany | 2.50% | US | 8.75% |
| France | 3.50% | Italy | 4.75% | Japan | 5.00% |
| Canada | 2.50% | Spain | 3.00% | Belgium | 2.50% |
| Netherlands | 2.50% | Sweden | 3.00% | Denmark | 10.00% |
| Australia | 2.50% | Switzerland | 3.00% | Lombard | 4.25% |

Tourist Rates

| Country | Rate | Country | Rate | Country | Rate |
|-------------|-------|-------------|-------|---------|--------|
| UK | 6.00% | Germany | 2.50% | US | 8.75% |
| France | 3.50% | Italy | 4.75% | Japan | 5.00% |
| Canada | 2.50% | Spain | 3.00% | Belgium | 2.50% |
| Netherlands | 2.50% | Sweden | 3.00% | Denmark | 10.00% |
| Australia | 2.50% | Switzerland | 3.00% | Lombard | 4.25% |

Life Financial Futures

| Contract | Settlement | High/Low | Est/Cont | Open |
|------------|------------|----------|----------|-------|
| Long Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Short Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Long Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Short Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Long Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Short Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Long Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Short Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Long Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Short Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |

Life FTSE Index Option

| Contract | Settlement | High/Low | Est/Cont | Open |
|------------|------------|----------|----------|-------|
| Long Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Short Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Long Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Short Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Long Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Short Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Long Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Short Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Long Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Short Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |

Commodity Indices

| Contract | Settlement | High/Low | Est/Cont | Open |
|------------|------------|----------|----------|-------|
| Long Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Short Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Long Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Short Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Long Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Short Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Long Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Short Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Long Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Short Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |

Industrial Metals

| Contract | Settlement | High/Low | Est/Cont | Open |
|------------|------------|----------|----------|-------|
| Long Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Short Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Long Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Short Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Long Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Short Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Long Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Short Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Long Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Short Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |

Precious Metals

| Contract | Settlement | High/Low | Est/Cont | Open |
|------------|------------|----------|----------|-------|
| Long Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Short Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Long Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Short Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Long Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Short Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Long Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Short Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Long Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Short Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |

Agricultural

| Contract | Settlement | High/Low | Est/Cont | Open |
|------------|------------|----------|----------|-------|
| Long Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Short Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Long Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
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| Long Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Short Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Long Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |
| Short Gilt | Mar 97 | 10.10 | 10.10 | 10.10 |

Other Softs

| Contract | Settlement | High/Low | |
|----------|------------|----------|--|
|----------|------------|----------|--|

Ashton great

How the Irish have taken to their new coach, page 26

Sport

Case for concern

Frank Williams' fears over Senna trial, page 27

England must put in hard work



Glenn Moore says Glenn Hoddle undermined his World Cup campaign by making too many changes

It is the biggest word in the football lexicon, bigger than *catenaccio*, bigger than Niki Papavasiliou, the Cypriot who gave Newcastle's shirt-stenciller nightmares. The word is "if" and, like many a beaten manager, Glenn Hoddle was resorting to it in the aftermath of Wednesday night's defeat to Italy.

"If that had gone in, it would be a different story," he said in reference to Matt Le Tissier's wayward 41st-minute header. Morning glory? Definitely maybe.

Unfortunately for Hoddle the difference between taking and missing chances is usually what matters at this rarified level, as Gianfranco Zola showed. Not that Italy's finishing was quite as good as Hoddle suggested. "They had one shot at goal and it went in," he bemoaned. That overlooks one excellent save by Ian Walker from Zola, a bad miss by the Chelsea striker, and two opportunities wasted by Dino Baggio. Five clear chances – more than England, for all their huffing and puffing, snapshots and cheap shots, created all night. Punch-drunk Angelo Peruzzi made England appear more dangerous than they were.

Hoddle sought to justify Le Tissier's inclusion by saying: "It is not a gamble when you feel the game is going to be tight and the door might need to be unlocked. Le Tissier, with his talent, could do that."

So why, if he is so sure of Le Tissier's ability, did he not play him earlier? As Scotland found on Tuesday night, even the lesser international defences need unpicking. Le Tissier and Shearer may have played together for Southampton but no one would have suspected it on the strength of their previous joint-outings with England, including a full 90 minutes against Romania in late 1994.

The pair were like strangers in the dark, exchanging barely a handful of passes all night. Hoddle admitted as much afterwards. Oddly, Shearer did attempt to find Le Tissier early in the second period when he would usually shoot. A waste, as Le Tissier was beaten to the ball.

That happened too often. His mental anticipation was as slow as his physical acceleration. Unused to the wiles and guiles of Italian defenders, he was beaten to the ball seven times and just as frequently balked. More unexpectedly his passing lost possession (10 times) as often as it retained it. True, he was

involved twice as often in an hour as Zola was in 90 minutes, but that reflected England's dominance of possession. Unlike Le Tissier, Zola never stopped, he was always running off the ball, or harrying defenders who were on it.

The Saint tried but an early incident betrayed him. A misunderstanding meant he misread a Graeme Le Saux pass down the line. Angelo Di Livio went to collect and Le Tissier's shoulders slumped. Then, as he turned to mopech onfield, he suddenly straightened, as if remembering an instruction, and rushed Di Livio. The Italian, surprised, cannoned his clearance into Le Tissier and was lucky to escape with a goal-kick. An admirable effort, but neither automatic nor often repeated. Perhaps if he played for a club where he was less indulged, it would be – he needs the example Gianluca Vialli would set.

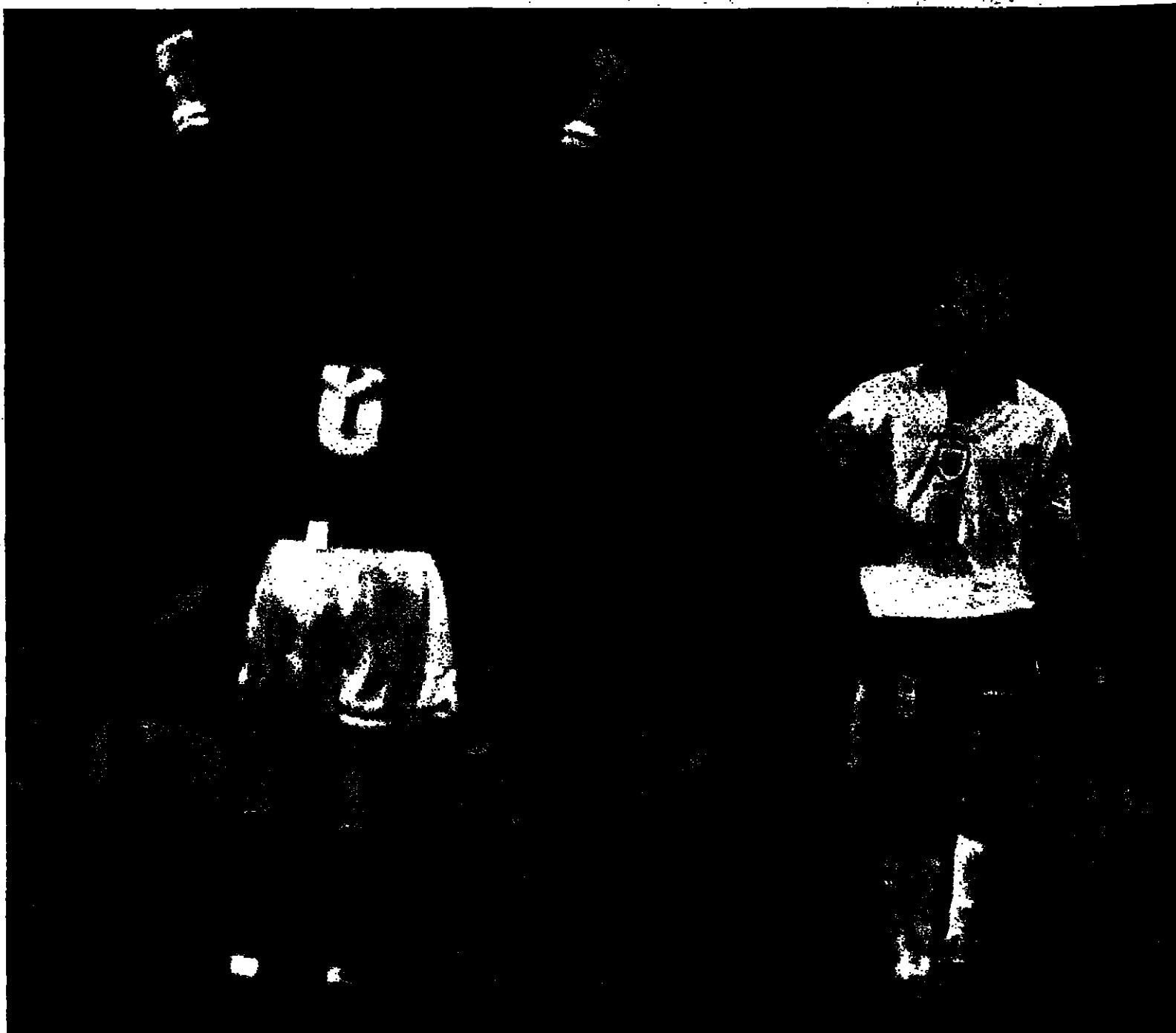
Italy worked like metronomes. Cesare Maldini had reason to be grateful for this undervalued legacy from Arrigo Sacchi: it led to the goal. It began with David Beckham midway in the Italian half. Pressed by Paolo Maldini, he passed to Gary Neville who, confronted by Pierinigi Casiraghi, moved the ball on to Sol Campbell. Zola closed him down and the ball went back, less accurately. Casiraghi, who had already clattered Neville, rushed in and the defender had to hit hopefully forward. The ball was collected by Fabio Cannavaro and, nine unpressured passes later, Alessandro Costacurta picked out Zola's run.

An exception? No. Remember Casiraghi forcing Ian Walker to hit a hurried second-half clearance? That led, 14 passes later, to Baggio running on to Demetrio Albertini's pass and chipping over. "Good players working hard," as George Graham once said of Milan, "that's their secret."

Apart from the virtues of hard work, which comes naturally to most English players, what else can be learned from Italy? Not to make too many changes, for one. Despite the new coach, their side had seven survivors from the one which drew with Germany in Euro96, England had four.

Injuries enforced several but the dropping of Gareth Southgate was curious. "I felt his fitness level had not recovered since his injury," Hoddle said.

The midfield four was solid but there was a lack of drive in



Alessandro Costacurta celebrates, Alan Shearer suffers as the final whistle blows at Wembley on Wednesday

Photograph: David Ashdown

the centre, with Le Tissier too static and McManaman easily shackled. It meant Shearer was left isolated. Les Ferdinand did not appear to be the answer, he was even less involved than Le Tissier and his arrival made England as predictable as Scotland were when lurching the ball at Duncan Ferguson.

Teddy Sheringham is injured and Nick Barmby out of form but Merson, mobile, strong, quick to shoot and in rich form, should have played. Paul Gascoigne? England need his guile, but has he the legs or the discipline?

It was England's first defeat in 36 home World Cup matches and their second defeat of any kind in 29 games. That the other loss was against Brazil, in June 1995, underlines England's continued failure to overcome the very best – against the leading quartet of Argentina, Brazil, Germany and Italy they have

only won once in 10 years and 16 matches (and only then because Stuart Pearce's goal-line handball against Brazil in 1990 was not spotted). Fortunately England have a better record against Poland, and will be defending a 24-year eight-game unbeaten record when they travel to Katowice in May for what has become a key game – simply to make sure of coming second in the group, and thus gaining, at least, a play-off place.

Before then, England must beat Moldova at home in April. First up is a friendly, against Mexico. While Hoddle is right to welcome a first chance at experimenting without risk, England are unlikely to derive much benefit. More interesting will be the attendance, anything less than 40,000 will suggest Hoddle's honeymoon period is truly over.

World Cup results, page 26

Italy full of pride and passion

Italy was a place full of pride yesterday – the day after their football team's 1-0 win over England in a World Cup qualifier at Wembley.

"Historic victory at Wembley," declared the *Tuttosport* daily newspaper. "Now we are the lions." Its headline "Zola genio, Italia sì" needed no translating. Gianfranco Zola, the diminutive Sardinian who scored Italy's winner and who is all too familiar to English fans as a Chelsea striker, was the toast of the nation.

"It's Zola, it's Italy," said the *Gazzetta dello Sport*, above a picture of the jubilant player twisting away from goal with a finger raised. "Wembley is ours."

The hard-fought win made Italy the first team to beat Eng-

land at home in a World Cup qualifier. Most Italians assumed a place in the 1998 finals was now assured.

The new coach, Cesare Maldini, received many tributes. "A victory Italian style," said *Tuttosport*. "Cesare Maldini, 24 years after Ferruccio Valcareggi, leads an Italian team in taking Wembley by storm." Italy have beaten England many times in the past but the only previous occasion they have done so in England was in November 1975, when they again won 1-0 at Wembley. That team was coached by Valcareggi, and the goal scored by Fabio Capello, now Real Madrid's coach.

Wednesday's win seemed to have released years of pent-up frustration among Italian fans.

"It was an heroic undertaking," said Luciano Nizzola, the newly-appointed head of the Italian football federation and the man who gave Maldini his job late last year.

After years of stinging criticism and lacklustre performances under Arrigo Sacchi, the cautious coach who led Italy to the 1994 World Cup final and yet whose team rarely produced entertaining football, the performance at Wembley proved cathartic.

The players were the same but a new spirit was detected in their performance. "It is as if the new national team, regaining its old memory, had wiped out in just 90 minutes all of the most recent displays under Sacchi," *Tuttosport* said.

Rusedski ready to continue his climb

Tennis

Greg Rusedski continued his recent winning run with a comfortable straight-set victory over Alejandro Hernandez in the first round of the San Jose Open in California.

The British No. 2, who climbed 17 places from 56 to 73 in the ATP world rankings earlier this week after his appearance in the final of the Croatian indoor championship, was rarely troubled by his Mexican opponent and won 6-3, 6-4.

Further victories in California could see Rusedski, who is seeded No. 7 in San Jose, rise above his highest-ever world ranking of 33, which he achieved in January last year. Rusedski later tasted further success in the first round of the doubles with his German playing partner, Alex Radulescu. They recorded a straight-set victory over Sweden's David Elkerot and the American Jeff Tarango, winning 7-5, 6-3.

Steffi Graf, who has been troubled by a knee injury, has withdrawn from next week's WTA tournament in Hanover and may also miss Germany's Fed Cup match against the Czech Republic next month. "I very much regret that I can't play in Hanover, but I have to first allow the injury that appeared in Tokyo to heal completely," Graf said.

Graf, who has been forced to stop all training, had to withdraw from the Toray Pan Pacific Open two weeks ago because of a severely aggravated patella tendon of the left knee, at the bottom front of the kneecap. She saw her doctor in Heidelberg yesterday.

The knee problem first troubled Graf in June when she was preparing for Wimbledon. In October she was forced to withdraw in the semi-finals at Leipzig because of it.

The German's appearance in the Fed Cup match early next month depends on the results of another examination next week. A spokesman for Graf said: "What's important is that Steffi is completely healthy and can appear pain-free at further Grand Slam tournaments this year."

Britain is guaranteed a finalist in the LTA women's satellite event in Birmingham, with Shiri-Anne Siddall and Lucie Ahl meeting in the semi-finals today. In yesterday's quarter-finals Siddall thrashed Karen Cross 6-1, 6-2 and Ahl defeated the national junior champion, Louise Lahmer, 6-4, 6-1. In the other semi-finals Britain's Claire Taylor faces Tatiana Poutchek from Belarus.

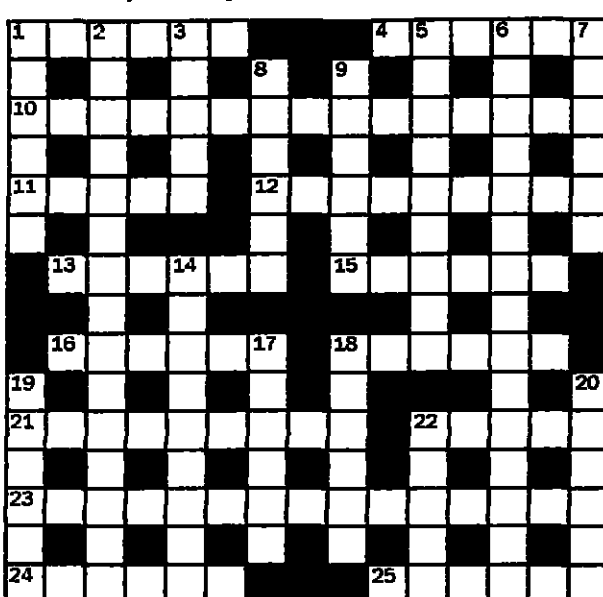
Dubai report, page 27

THE INDEPENDENT CROSSWORD

No. 3222, Friday 14 February

By Phil

Thursday's Solution



BARBECUE SQUICH
U O N A H A E
C O U R A G E O U S
N S E R H C D
L I B E R A T E P I S T O L
E S S H E A T E
S I O U S E N S
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O U T L I N E F E M I N I N
W O N G E N
S P R I N G P H A S E O U T

ACROSS

- Hint recalled by her playing card-game (6)
- Rank organised by military leader (6)
- Telegraphic ear broadcast about political event (7, 8)
- Interrogate old King badly (5)
- Correspondent's enclosure taking a day to finish (9)
- Song's expression of surprise about rejection of benefit (6)
- King is imprisoning a Queen and Emperor (6)
- Believe Church has little power in performance (6)
- First to hide in dark-coloured boat... (6)
- Man getting rid of it or man holding on to it? (5)
- usually at sea? (2, 3, 4)
- Trendy place ahead of the rest, giving reasons for taking it easy (8, 3, 4)

DOWN

- One Biblical vessel found round about a place in Turkey (6)
- Count Dracula's heart is after no end of gore (6)
- English period provides interest (6)
- Pain in the neck about name involved in surprising defection – but it's a bluff! (10, 5)
- Country sport beginning to ruin a student (5)
- There's agreement in taking in nothing from this instrument (9)
- Source of garbled statements (in which see Press mislead) (7, 8)
- Make bare or clothe? (6)
- Being elusive is insolent (6)
- Board having place for college scientist (6)

Rugby Union

CHRIS HEWETT reports from Dublin

Brian Ashton's purist approach to rugby is beginning to rub off on the Irish. The eternal underdogs are not simply promising chaos when they go toe-to-toe with England in Dublin tomorrow, they are promising "pure chaos."

At least, that is how they intend to start. "It would be remiss of us not to give England a traditional fire and fury welcome," grinned Ashton, four weeks into his post as Ireland's coaching adviser and enjoying every minute of it. By way of emphasis, his view was backed by Jim Staples, the captain. "I think we'll look to make the first few minutes a bit lively," he said.

Away from the role-playing, however, both Ashton and Staples were at pains to point out that Ireland were in a position

Ashton pledges warm welcome for England

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Away from the role-playing, however, both Ashton and Staples were at pains to point out that Ireland were in a position

to play some serious rugby as well as play the mayhem card. Ashton said: "We've looked very closely at the England side – I know many of them quite intimately from my days at Bath and with two thirds of the Irish team playing their club rugby in the Courage League, the players know even more about their opponents than I do, but we have not paid them any greater attention than we paid the French or the Welsh. Quite honestly, I'm more interested in the rugby we bring to the table ourselves."

"We've seen two England teams of late: the one that struggled to beat Argentina before Christmas and the one that turned it on in the second half against the Scots a fortnight ago. On that occasion, they showed the rugby of which they are capable if you let them play, but I would say now that the Irish are well able to produce something of similar quality."

The Irish trained in Limerick yesterday and their entire squad

was given a clean bill of health. David Corkery, the blind-side flanker from Bristol, and Jonathan Bell, Northampton's gifted centre, both play tomorrow after recovering from hand and rib injuries respectively. Nick Popplewell, the most experienced forward in the home pack, has seen off a pulled hamstring and takes his place in the front row while Paddy Johns, the in-form lock from Saracens, showed no ill effects from a head wound suffered in training on Monday.

Wales will owe a huge debt to their centre Allan Bateman if they tear up the form book by beating France in Paris tomorrow. Bateman missed the defeat against Ireland, having undergone knee cartilage surgery and his absence confirmed just how much Wales need him.

"Allan's return has given us a great boost," the scrum-half, Robert Howley, said. "We missed his variation."

Price right in '75, page 26

Prost acquires Ligier F1 team

Motor racing

Alain Prost, France's former quadruple world champion, has bought the Formula One team, Ligier, after he agreed a contract with Peugeot to use its engines from 1998. The deal was struck after Eddie Jordan, whose team have a contract with Peugeot, gave up his agreement. The new set-up, which will be named after Prost, will be officially unveiled today.

Max Mosley, the head of the

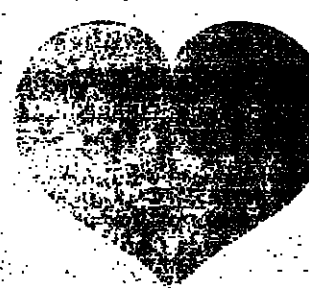
sport's governing body, the FIA, and Bernie Ecclestone, the vice-chairman, were both keen to see the team line up on the grid for the first Grand Prix of the season in Australia in March.

The team will bear the name Prost-Mugen-Honda for the 1997 season until the Peugeot agreement begins at the start of the following year. However, Jordan, realising that a Ligier team headed by Prost, 41, would be a threat to a new contract with Peugeot, held out, despite all the other teams having

given their assent to Prost's acquisition, which required a unanimous vote for the change to go ahead.

Prost's compatriot Olivier Panis, the winner of last season's Monaco Grand Prix, and Shinji Nakano, of Japan, will be the team's drivers next season.

Peugeot have supplied engines to Jordan for the past three years, gaining their best result when Rubens Barrichello, of Brazil, and Eddie Irvine finished second and third respectively in the 1995 Canadian Grand Prix.



Be mine tonight.

Ditto.



BRITAIN'S BEST SELLING
PREMIUM HAND PULLED ALE SINCE 1777

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The eye
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The gangster re
Regime
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Many Bevins
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